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Achieving a **BALANCED AGRICULTURE**



UNITED STATES DEPARTMENT OF AGRICULTURE

Achieving a Balanced Agriculture

*How the National Farm Program
Meets the Changing Problem*

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FOREWORD

Six years ago, in 1934, the efforts of farmers on a Nation-wide scale to improve their own situation were described in a pamphlet issued by the Agricultural Adjustment Administration entitled, "Achieving a Balanced Agriculture."

That pamphlet dealt with the farm-surplus problem which for 12 years had been serious and had reached a climax in the emergency of 1932. Farmers and the Government, facing this emergency, launched the Agricultural Adjustment Program in 1933.

In the years that have intervened, the problem of achieving a balanced agriculture has changed in some of its aspects, though in its fundamentals it is still the same. Experience and continued study have brought a deeper understanding of it. In the light of this changing problem, the 7 years of experience, and the deeper understanding the years have brought, Congress has authorized changes in and additions to the farm program.

The Department of Agriculture, in order to coordinate its activities and to meet its more varied responsibilities under the added legislation, has made corresponding changes in its internal structure. The present National Farm Program is administered not in one agency of the Department alone, but is carried forward on a broad front by the Department as a whole.

Even though many bureaus and agencies are concerned with the various parts of this program, it is aimed essentially at the one underlying farm problem. To state this problem in terms of the present, and to describe the National Farm Program as it is operating now, this publication, "Achieving a Balanced Agriculture," first issued in 1934, has been revised and brought up to date.

H. Wallace

Secretary of Agriculture.

April 24, 1940.

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Achieving a Balanced Agriculture

How the National Farm Program

Meets the Changing Problem

I

THE FARM PROBLEM TODAY

Ever since the First World War, farmers have been striving to achieve a balanced agriculture.

They have faced not only problems of low income and low purchasing power that have developed since that war, but problems of the use and misuse of land going back for many years.

More than 6 million farmers are now working together in cooperation with Federal, State, and local government agencies to achieve a better balanced agriculture. They are working for better balance in the use of land to conserve indispensable agricultural resources. They are working for better balance between agriculture and the business and industrial life of the Nation. The purpose of this effort is to assure a better living for the people on the land, and to enable agriculture to make a greater contribution to the nation's wealth and welfare.

The program in which farmers and Government are now cooperating is based on years of experience and effort. Changing conditions, changing needs, and better understanding of agricultural problems have resulted in continuous change in the program in the past. The need for change and the opportunity for improvement will be continuous in the future.

Outstanding Phases of the Problem

As farmers and the Nation continue their efforts toward a better balanced agriculture, what are the outstanding phases of the problem to be considered?

Farm income, though greatly improved, needs to be brought more nearly into balance with nonfarm income.

In spite of the progress of recent years, soil depletion continues at a more rapid rate than soil restoration.

Agriculture's producing power still is greater than the market outlets at home and abroad for agricultural products—and as this is written these outlets abroad have been restricted further by the present war in Europe.

Millions of people in the United States are unable to buy all of the agricultural products they need for good diet and good health.

With population pressure on the land in many areas contributing to soil depletion, to excessive production, to underconsumption, and to inadequate farm income and farm purchasing power, there is need for greater employment opportunity for people now living on the land.

All these phases of the farm problem are closely related to each other. They are also related to the task of restoring the national income and national prosperity and promoting a healthy exchange of goods between farm and city. They are all manifestations of the chronic and fundamental unbalance from which agriculture has suffered for many years.

This is the problem which is being attacked through the National Farm Program.

II

HOW AGRICULTURE BECAME UNBALANCED

For a number of years before the outbreak of the First World War in 1914, there was little change in the situation of agriculture in the United States.

Production of the principal farm commodities did not vary greatly from year to year. Farmers could feel confident of being able to sell all of their production at fair prices. Farm income was in good balance with the income of other groups. Young people not needed on the farms could find opportunity in the cities.

Tremendous growth in population in this country during the early 1900's resulted from the combination of a high birth rate and the arrival of 200,000 to 800,000 immigrants annually. There were many more mouths to feed each year.

Modern industry in Europe and modern agriculture in this country provided a wealth of goods which were exchanged in world trade. Investment of European capital in the development of this country's resources made the United States a debtor nation and helped farmers to sell their products on the world market.

Balance Upset by First World War

Agriculture's balanced situation was rudely upset by the First World War. The first effect of that war on American agriculture, as well as on American business, was depressing. But soon the war brought an unprecedented increase in demand for agricultural products.

At the time the First World War began, there were great reserves of productive capacity in American farm land. This was true, even though there had been a long period of land exploitation, even though Government policies had led to unwise settlement in some areas, and even though there had been serious erosion and loss of fertility.

As agricultural production by warring nations declined, they turned more and more to the United States, as well as to Canada, Argentina, and Australia, for supplies. Prices started upward. In response to this upward price trend, farmers in all the newly settled areas planted more and more.

When the United States entered the war, the Nation appealed to farmers to grow more food. Patriotic posters shouted: "If You Can't Fight, Farm: Food Will Win the War!"—"Plow to the Fence for National Defense!"

Some 40 million acres of grass were uprooted by the plow—40 million acres of new land that had never before been broken. In the Great Plains alone some 30 million acres were plowed for the first time.

From Prosperity to Depression

During the war, farmers enjoyed prosperity exceeding anything they had known for several generations. But following the war, agriculture was suddenly plunged from prosperity into depression.

European farmers, discharged from the armies, went back to work. European nations cut down their wartime purchases of farm products from other countries.

The nations of Europe went further. Because of their war experience, they were determined to become less dependent on other countries for food. Through subsidies, tariffs, and other means, they began to encourage their own farmers to produce more.

This effort by the countries of Europe to be self-sufficient in food production reduced the foreign market for American farm products.

At the same time American farm products met growing competition from other lands, particularly Canada, Australia, and South America.

Farmers of the United States found their export outlets reduced from another cause. This was the change of the United States from a debtor to a creditor position. This country had gone into the war a debtor and had come out a creditor. As a debtor, this country had paid its debts in large part with farm products. But as a creditor, it no longer provided the same opportunity for agriculture. (The effect of this change is discussed at greater length in Section 3.)

While American farmers found their markets restricted, they found their capacity of producing for market increased. Motor trucks, tractors, and automobiles had taken the place of so many horses and mules that about 35 million acres of land formerly needed to produce feed crops were released to grow crops for human consumption. That was as much acreage as was then used to produce the entire cotton crop.

Release of these 35 million acres, together with the plowing up of grassland brought into cultivation during the war, added about 75 million acres to the area available to produce crops for market. This was an area greater than all the acres used to produce wheat for wartime demand. It was an area equal to about one-fifth of all the land now normally planted to crops in this country.

Besides increasing their acreage for market production, farmers had continued to increase their efficiency in an effort to supply wartime demands. Improved cultural methods, combined with the use of improved and power-driven machinery, greatly speeded up production. Between 1909 and 1919, production per agricultural worker increased an estimated 21 percent.

Big Debts, Low Income

During the war farm income had increased. But production costs also had increased. Prices of farm land had risen under the stimulus of increased

prices of farm products, and as a result of land speculation. Land values had reached a peak in 1920 that was 70 percent above the 1912-14 average. In order to buy more land and new equipment for large-scale farming, many farmers had heavily mortgaged at wartime values both their newly-acquired land and their original holdings. The average mortgage debt per acre in 1920 was 235 percent of what it had been in 1910.

When farm prices tumbled after the war, land values tumbled also. But farmers had to pay on mortgages based on high values with income from crops selling at low prices.

Farmers had more acres producing more efficiently for market, with smaller market outlets, a greatly increased debt burden, and drastically reduced prices for their products.

In 1919 the farm fourth of the population got 21 percent of the national income of 61 billion dollars. But by 1921 national income had dropped to 55 billion dollars, and the farmer's share had gone down from 21 to less than 10 percent of this smaller amount.

Not only had farm income and farm prices been drastically reduced, but farmers found their purchasing power was reduced also. This was because prices for many of the things they had to buy did not drop as fast or as far as the prices they received.

One of the main factors in keeping city prices up, especially in the period beginning with the 1920's, was the growth of monopoly and price-fixing by corporations. Numerous industries, through control of production, were able to take full advantage of the protective tariff.

Farmers, being unorganized, had to accept what was offered them in the market place when they went to sell. But when they went to buy, they found city business interests highly organized and so they had to pay whatever was asked.

Reasons for Agricultural Maladjustment

Summing up, these were the principal reasons for the economic maladjustment of agriculture, which first became evident in 1921 and has continued for nearly 20 years:

1. Wartime plowing up of grasslands, and expansion of cultivated crops.
2. Movement of European nations toward self-sufficiency in food as a war measure.
3. Change of the United States from a debtor to a creditor position, without adequate revision of our trade policy, and the consequent loss of foreign markets.
4. New farm competition in pioneer countries and colonies.
5. Displacement of the horse by automotive power.
6. Rapid improvement in cultural methods and use of machinery.
7. Growth of monopoly and price fixing by corporations.

The End of the Land Frontier

As the Nation gradually awakened to the full seriousness of the economic changes and dislocations brought by the war, it became aware of another significant fact. After 300 years, the United States had reached the end of its land frontier.

People began to realize that the careless and unwise use of the Nation's land in the past had been costly in the extreme.

The good topsoil of farm lands had been washing away and wearing out since the time of early settlement, but it was not until after the last of the good land had been settled that the full meaning and seriousness of this loss were generally recognized. It was not until farm prices collapsed that the full effects of soil depletion were widely felt. Leaders in Colonial days had seen what was happening to the land, but the warnings of such men as George Washington, Thomas Jefferson, and Patrick Henry had gone unheeded in a day when the expanse of new, fertile land seemed inexhaustible.

The effects of indiscriminate land settlement under the Homestead Acts were not generally recognized until soil depletion and low prices for farm products became serious. The Homestead Acts did not take into account the use to which land was best suited. Nor did they take into account the variations in the size of farming units needed to support families living under varying conditions of soil and climate and type of farming. Increasing erosion, low farm prices, and drought intensified the troubles of families living on tracts too small for the type of farming to which the land was suited.

Evils of One-Crop Farming

One-crop farming, which developed early in some areas in response to profitable markets, had resulted in rapid erosion and soil exhaustion. It had lowered the standard of living of the people on the land because of their dependence on weather and price conditions affecting one crop and because of their failure to produce food crops needed by the family. The evils of one-crop farming had long been recognized in areas where it prevailed, but the plight of people in these areas grew desperate when the agricultural depression became general.

Land waste was often made worse by farm real-estate promotion which disregarded the long-time needs of the soil and the welfare of the people.

The attitude of Federal and State governments and of individuals toward forest resources permitted one of the most destructive forms of exploitation. Even on land that could not profitably be used for the production of any other crop, forests were completely demolished when good management would have assured a continuously profitable crop of trees instead of perpetually unprofitable cultivated crops.

Government had entered the field of conservation under the necessity for saving forest resources, and the objective of this work was later broadened to include development of forest conditions that would help to stabilize the flow of

navigable streams. But it was not until 1928 that legislation was passed authorizing research on the problem of preventing erosion on farm lands as well as forest lands.

Soil losses in the meantime had been increasing at a more rapid rate as a result of indiscriminate expansion, overcropping, and overgrazing. When farm prices collapsed in the general depression, the cost of city goods and services did not go down in proportion to farm prices; and fixed charges of operation, such as interest and taxes, remained relatively high. Many farmers tried to compensate for low prices by producing more. They were mining their soil and they could not at the same time keep up its fertility and prevent erosion.

The World War agricultural boom and the post-war agricultural depression both contributed to soil destruction, first by encouraging farm expansion, and then by leaving the overexpanded agriculture subject to unrestricted competition. Drought was the final blow to millions of acres that had been robbed of the grass which had been the land's natural defense against a combination of dry weather and wind.

The Cost of the Wartime Plow-Up

The American people know now that the wartime plow-up was costly in the extreme. It contributed, in the years that followed, to overproduction and low prices. It resulted in serious damage and in some cases ruin to a tremendous acreage of land. Much of this land, unsuited to cultivation, later became the scene of dust storms and mass migration of destitute farm families. The Nation is still paying for this plow-up campaign in ruined soil and land values, in lower farm prices, in blighted lives of thousands of farm people, and in money spent toward relief of the people and restoration of the land.



III

THE STRUGGLE FOR EQUALITY

National agricultural policy of the 1920's failed to recognize the impact upon farmers of the drastic and fundamental changes that had taken place. It failed to recognize the effect upon farmers of the Nation's change from a debtor to a creditor position; the danger of higher tariffs in the changed situation in which Europe could continue to buy only if the United States would take her goods; the growing destruction of agricultural resources resulting from exploitation and misuse; or the consequence of growing unbalance between the purchasing power of city dwellers and farmers.

Agriculture Under the American System

Under the American system, groups of people with common problems, which can be solved only by cooperation of the Government, seek aid through their elected representatives.

When a majority of these elected representatives become convinced that such aid is necessary and in the interests of the whole people, it is granted.

In the early days of the Republic—with land apparently limitless in extent, and free almost for the taking, with markets for farm products limited only by the availability of transportation—American agriculture sought little in the way of Government aid through services direct to farm families.

Farmers then wanted first of all public provision of transportation facilities from farm to market.

As they met difficulties in the fields of production and market prices, however, demands went up from the farm for government services to provide facilities that farm families could not themselves provide. So, a century ago, in 1839, the Patent Office began a variety of services which eventually, under the Department of Agriculture, included introduction of useful plants and animals from other lands, quarantines against foreign pests and diseases, research, provision of market information, regulation of the practices of middlemen and processors, and so on.

Through the past century, these and many other requested services have come to be a part of the established work of the Department of Agriculture. Farm families continue to need most of these older services begun anywhere from 20 to 100 years ago, and so these services remain an important part of the work of the Department today.

In the 1920's farmers felt the need of a new kind of Government service. They felt the need of services which would enable the farm part of the national economy to adjust itself to the far-reaching changes in world markets for American farm products brought about by the First World War. But conditions had changed so rapidly and new problems were so unfamiliar that farmers and the rest of the public were slow to unite on any remedy adequate to meet the new conditions.

Farmers and the Tariff

The first attempt to assist agriculture through increasing the tariff made the farmer's fundamental trade difficulties more serious. In the Emergency Tariff Act of 1921, followed by the Tariff Act of 1922, the Nation raised the duties on farm imports, in the hope that the domestic price of farm products would be correspondingly increased.

But leading agricultural products, such as hogs and cotton and wheat, were on an export basis and only in years of crop failure and under other exceptional conditions could the producers of these products benefit from the tariff. At the same time farmers were hurt by the effects of the tariff on their export outlets. Increased tariffs in this country shut out goods of foreign countries that might have been exchanged for American farm products. Unable to sell to this country in full volume, foreign countries were forced to turn more and more to producing for themselves.

Farmers were hurt also by the fact that tariff increases on industrial products increased the cost of commodities farmers had to buy and resulted in further increasing the disparity between prices received and prices paid by farmers.

Most countries of Europe were heavily in debt to the United States. They could purchase goods and pay debts only with goods or services or gold, and much of their gold had been used for this purpose during the war. The United States, failing to recognize its turnabout from a debtor to a creditor position, made no arrangement to take goods in payment; instead, it continued to make new loans to Europe. These loans, while they lasted, warded off the full force of the tariff blow to agriculture during the 1920's and made it possible for farmers to continue selling on the world market, though in reduced volume.

By the end of 1929, European nations were no longer able to borrow substantial amounts in this country through selling bonds. With this decrease in foreign purchasing power there was a further decline in our exports. In 1930 the United States again raised its tariffs and shut out more of the goods of foreign nations that might have been exchanged for American farm products. By 1932, total trade, including both exports and imports, had shrunk in value to one-third of what it had been in 1929. The value of American farm exports had fallen to the lowest point in 42 years.

A new wave of nationalism and greater efforts toward self-sufficiency in Europe, together with currency devaluation in European countries, added to the difficulty of selling American farm products abroad. But farmers were still producing for an export market that for some commodities had practically ceased to exist.

Farm prices in the United States were so low in 1932 that imports of competitive farm products were only 30 percent as great as they had been 3 years earlier. From the standpoint of those who believed that agriculture could be rescued by eliminating foreign competition, this would seem to have been an ideal situation. But actually farmers were in desperate straits.

Demands for National Agricultural Legislation

When in the early 1920's the prices of export farm products had failed to rise as a result of increased tariffs on these products, farmers had begun to demand Government action of another kind that would "make the tariff effective for agriculture." This demand continued from 1922 to 1928 in the form of support for the McNary-Haugen plan. The plan was to set up an export corporation to buy American farm products and resell them on the foreign market. It was reasoned that if surpluses of wheat, cotton, pork, and other products could be exported, the prices of these products on the home market would then be on an import basis and the tariff would become effective for agriculture. This plan was to be financed by an equalization fee collected in the channels of trade.

The export debenture plan, brought out during the same period, was similar except that a different method was to be used to segregate the exportable surplus from the amount sold in domestic markets and thus to cause the domestic price to rise. The method proposed was the use of export debentures, which were to be given to exporters and which could be accepted by the United States Government in lieu of import duties.

Both the McNary-Haugen and export debenture plans would in effect have been export subsidies.

The McNary-Haugen bill was passed by Congress in 1927 and again in 1928 and was twice vetoed. The export debenture plan, although considered, was never passed by Congress.

The Federal Farm Board was established under the Agricultural Marketing Act of 1929. Under the Farm Board it was proposed to organize farmers into Nation-wide cooperative commodity marketing groups to regulate the flow of farm products into the market in accordance with the needs of the market.

The cooperative marketing movement in the United States, which had had its inception more than 100 years ago, had already begun to expand in the early years of the present century. Then, when farmers faced their post-war difficulties, they had turned to cooperative marketing on a broader front. At

first they had thought they might, through this form of organization, control the supplies and prices of their products. It had soon been demonstrated that, while cooperative marketing associations could perform many useful services for farmers, such as improvements in standardization, grading, and packing, and in marketing machinery, they could not by themselves control supplies and prices.

Therefore, through the Federal Farm Board, the Government placed its financial support back of those marketing groups and promoted cooperative organization on a Nation-wide scale.

The Farm Board began its operations in a period of falling prices. In an attempt to hold up prices it made loans on certain farm commodities. Later it began to buy these commodities outright, but prices continued to fall as supplies piled up. While the Agricultural Marketing Act directed the Board "to investigate conditions of overproduction of agricultural commodities and advise as to the preventing of such overproduction," it provided no means of preventing overproduction.

Recognizing the need for adjusting production to market demands, the Federal Farm Board advocated reduced production, but there was no machinery which it could use to determine the desirable amount for an individual farmer to produce and no means of assuring an individual farmer who did reduce his production that he would not be the victim both of small volume and low prices. The Farm Board concluded, and so stated in its reports, that production control would have to be an essential part of any farm program that could have a real chance of lasting success.

IV

THE RISE OF ECONOMIC DEMOCRACY ON THE FARM

It took an economic collapse to focus the attention of the Nation on the fact that when agriculture is sick the health of the whole business structure is undermined.

When the exchange value of farm products is adequate and reasonable, farm families provide a good market for city goods and services. When the exchange value of farm products is very low, farmers have to quit buying in order to save what cash they can get to pay fixed charges of operation, such as interest and taxes.

By the time the crash of 1929 ushered in the general economic collapse, agriculture had already suffered 9 years of depression. The effect of reduced purchasing power of farmers during the 1920's had been hidden by increasing speculative prosperity in the cities.

During the 8 years preceding the crash of 1929, national income rose from 55 billion dollars to 82 billion dollars; but the farmers' share, though it increased slightly to 11 percent in the middle 1920's, decreased again to about 10 percent in 1929. The farmers' share of the national income was cut in half in comparison with the boom year of 1919.

Then came the general depression. By 1932 the national income itself had been cut almost in half and the farmers' share of this small amount fell to less than 6 percent. The purchasing power of farm products fell to about half the pre-war level. The stability of agriculture and of agricultural communities was being destroyed.

The crisis reached its height in the winter of 1932-33. Distress on farms led here and there even to violence—to mortgage foreclosure riots, milk dumping, and martial law.

On March 8, 1933, the call went out from the new President for a national conference of representative farmers and farm leaders. At this conference, begun 2 days later, all the major farm organizations joined in recommending legislation to deal with the agricultural emergency.

The First Agricultural Adjustment Act

Two months later the new Congress, meeting in special session, passed the first Agricultural Adjustment Act. This law, approved on May 12, 1933, marked the beginning of economic democracy for agriculture as a whole.

Principal features of the first Agricultural Adjustment Act were:

1. Establishment of a yardstick of economic equality for agriculture, in the definition of fair exchange value for farm products.

2. Provision for adjustment of production of any or all of seven basic commodities: Cotton, wheat, corn, hogs, rice, tobacco, and milk and its products.

3. Provision for benefit payments to farmers who signed contracts agreeing to cooperate in the adjustment program.

4. Provision for the levying of taxes on the first processing of the domestically-consumed portion of any of the seven basic commodities that were below fair exchange value, as a means of raising funds for the benefit payments to cooperating farmers.

5. Provision for marketing agreements between the Secretary of Agriculture and the processors and handlers of farm commodities (including producers' cooperative marketing associations), as a means of regulating the marketing of these commodities and increasing producers' incomes.

6. Provision for organizing associations of producers to carry out the programs authorized under the act.

The Agricultural Adjustment Act of 1933 was a landmark in the history of American agriculture. It embodied the essential lessons learned in two decades of agricultural experience. By helping to protect the farmer's prices and income, it enabled him at last to reap a larger benefit from the gains in production efficiency he had made with the assistance of agricultural research and extension work. It protected cooperating farmers against those who would not cooperate and in this way approached what previous cooperative marketing efforts had been unable to accomplish—the control of supplies and prices. It included the essential principle of the McNary-Haugen plan—that is, a domestic price higher than the world price by the amount of the processing tax. It provided for the adjustment of production which the Farm Board had held to be necessary in order to maintain prices. It recognized the futility of using a tariff to protect prices of export products and provided instead a "tariff equivalent" in the form of processing taxes and payments to farmers, on the domestically consumed portion of export commodities.

The increased returns to producers made possible by the processing taxes and increased market prices did not mean proportionate additions to prices paid by consumers. This was because costs of processing and handling represent a large proportion of the price paid by the consumer. These costs tend to remain constant, and so a small increase in the price paid by the consumer may mean a big increase in producer returns.

For example, the farm price of wheat has to increase 65 cents a bushel to equal an increase of 1 cent in the cost of a pound loaf of bread to the consumer. When farmers were selling wheat for 30 cents a bushel in 1932, they could have given their wheat away and still consumers would have saved less than half a cent on the cost of a pound loaf of bread. On the other hand, the doubling of the wheat farmers' returns made possible by the Agricultural Adjustment Act meant an increase of only half a cent in the consumer's price.

Besides income protection for farmers, the Agricultural Adjustment Act included farm credit legislation also. A separate title of this act provided for expanding and liberalizing farm credit facilities, so as to halt wholesale farm foreclosures and relieve debt pressure on thousands of harassed farm families. It made possible both debt adjustment and refinancing of mortgages at lower rates of interest. Farm credit activities of the Government are described in later sections.

Far-Reaching Programs Launched

Under the broad provisions of the Agricultural Adjustment Act, farmers immediately launched far-reaching adjustment programs. Surpluses began to grow smaller. Prices improved. Required annual payments on farm mortgages and other debts were reduced, enabling farmers to have more time in which to pay those debts. New farm buying power was soon felt in the cities and was reflected in increased business activity and increased employment. The effect of the new farm buying power was measured in a study of railroad shipments of manufactured commodities into agricultural regions. This study showed that shipments of such commodities originating in 16 industrial States of the Northeast and delivered over 16 railroads in 32 agricultural States of the South and West increased immediately after the farm program began. For the 12 months ending June 30, 1935, the increase of such shipments was 60 percent over the 12 months ending June 30, 1933. This compared with a gain of 58 percent in farm cash income in the United States in 1935 over 1932.

Farmers Manage Their Own Affairs

The adjustment of production was carried out through county associations of farmers organized for the purpose in all parts of the United States. The actual work of operating the program locally was done by county and community committees of farmers, elected by their neighbors who were participating in the program.

Thus farmers for the first time had gained the right and the opportunity to influence the production, marketing and price of their own products.

Program Assists in Drought Emergency

The adaptability of the program to swiftly changing situations received its first big test in the summer of 1934, when most of the area from the Pacific to the Appalachians was hit by a devastating drought. Heavy losses of livestock were prevented through special livestock-purchase operations, and the program was modified to encourage production of drought-resistant emergency forage crops.

Broadening the Program

As the years advanced, and lessons were learned from the drought and from other experience, the farm program was broadened and refined. Congress amended the act of 1933 several times in 1934 and 1935, and enacted several auxiliary measures, including the Bankhead Cotton Control Act and the Kerr Tobacco Act.

As early as 1933, several other Federal activities affecting farmers had had their inception outside the Department of Agriculture. Among them were experimental development of subsistence homesteads, rehabilitation loans to destitute farm families, and efforts to control soil erosion. All these activities, later transferred to the Department of Agriculture, eventually became important parts of the National Farm Program.

In 1935 Congress amended the Agricultural Adjustment Act so as to clarify its marketing agreement provisions. Also, an important addition was made in section 32, which appropriated permanently an amount equal to 30 percent of the annual customs receipts, to be used in the disposal of surpluses at home or abroad and to finance crop adjustment.

While the production adjustment and marketing programs were being pushed, fundamental research and education were not overlooked. In 1935, Congress enacted the Bankhead-Jones Act, providing for a new attack on farmers' problems of production efficiency, with agricultural research aimed more directly than ever before at specific problems of producers of various farm commodities. Materially increased Federal funds for the support of the land-grant colleges and cooperative extension services were also authorized by this act.

Still another feature of this act was provision for purchase and development of submarginal land.

The Soil Conservation and Domestic Allotment Act

An abrupt shift in the farm program was precipitated by the Hoosac-Mills decision of the Supreme Court in January 1936. This decision invalidated the processing tax and production control provisions of the Agricultural Adjustment Act. In their place, Congress enacted the Soil Conservation and Domestic Allotment Act, which continued provisions of the Soil Erosion Act of 1935 and provided for more extensive use of soil-conserving and soil-building crops and practices on land taken out of soil-depleting crops which had been produced in surplus.

While this was an abrupt shift, actually the new act only hastened a development already under way. In the former program more and more emphasis had been placed on conservation through encouraging the production of soil-building and erosion-preventing crops.

In the meantime, through another program, erosion-control demonstration projects had been established in all areas of the country. This program had been placed under the Department of Agriculture in the Soil Erosion Act of 1935.

Widespread action for better land use was carried forward under the Soil Erosion Act of 1935, the Soil Conservation and Domestic Allotment Act of 1936, and related legislation which was passed subsequently (Flood Control Act of 1936, Water Facilities Act of 1937, Bankhead-Jones Act of 1937, and Norris-Doxey Farm Forestry Act of 1938). This work was intended to protect land against erosion, to shift land from unprofitable and undesirable use to other purposes for which it was better suited, to expand and improve forest resources, to conserve and make better use of water resources, and to survey watersheds in order to formulate land-use programs in aid of flood control.

State legislative bodies provided an additional weapon against soil destruction with the State soil conservation district laws under which farmers could organize to apply the necessary measures to all land needing treatment within the districts.

Rural Electrification

A Nation-wide program to extend the advantages of electricity to farm homes, which had begun in 1935 with relief funds, was placed on a continuing basis in the Rural Electrification Act of 1936. This program, now under the Department of Agriculture, is a part of the broad National Farm Program.

The Agricultural Marketing Agreement Act of 1937

The Supreme Court decision of January 6, 1936, while invalidating the production-adjustment and processing-tax provisions of the first Agricultural Adjustment Act, left the marketing-agreement provisions of that act in an uncertain legal status.

To strengthen this program and give it unquestionable legal standing, Congress passed the Agricultural Marketing Agreement Act of 1937.

The Farm Tenancy Act

Another significant piece of legislation adopted by Congress in 1937 was the Farm Tenancy Act, which provided for a program of long-term loans to deserving tenants and others to enable them to become farm owners.

For several years, first under the Federal Emergency Relief Administration, later under the Resettlement Administration, and eventually under the Department of Agriculture, a program of rehabilitation of destitute farm families had been carried forward.

The Tenancy Act, which provided for the beginning, on a small scale, of a long-time program for the encouragement of owner-operation of farms, made possible further accomplishment toward security for farm families.

The Agricultural Adjustment Act of 1938

The great droughts of 1934 and 1936 had caused the surpluses of farm products to be eliminated much more rapidly than was contemplated by the adjustment program. Not only had the surpluses been largely wiped out, but there was a shortage of grains and feed supplies, which in turn brought about a shortage of some livestock products.

Temporarily, the Soil Conservation and Domestic Allotment Act of 1936 seemed adequate to meet farmers' adjustment needs. But with the return of good weather in 1937, production of the 53 leading crops increased to more than the largest previous production in the history of American agriculture. The drought shortages were quickly made up and price-depressing surpluses of cotton, wheat, corn, and other products accumulated.

The alteration of drought-caused shortage and the production of superabundance focused attention on the need for an all-weather farm program adapted to protect farmers and the Nation against both kinds of hazard.

Congress met in special session in the fall of 1937 to enact new and permanent farm legislation. In February of the following year the Agricultural Adjustment Act of 1938 was placed on the statute books.

This act not only continued the farmers' conservation program, with payments for replacing soil-depleting crops with soil-conserving crops, but provided for an ever-normal-granary program to stabilize supplies and prices of farm products.

An important feature of the act was the authorization of parity payments to producers of five basic crops, to help bridge the gap between current market prices and parity prices. (See Section 5 for definition of parity prices.)

The new act also provided for crop insurance on wheat.

Another feature was authorization of four regional research laboratories to develop and encourage new industrial uses for farm products.

Farm Laws Upheld in the Courts

The period of uncertainty as to the legal status of the farm legislation enacted to replace the first Agricultural Adjustment Act was ended in 1939 when the Supreme Court upheld both the marketing quota provisions of the Agricultural Adjustment Act of 1938 and the marketing agreement and order provisions of the Agricultural Marketing Agreement Act of 1937.

Economic Democracy on the Farm

Throughout the National Farm Program, the principle of farmer control, which was a fundamental feature of the first agricultural adjustment programs, has been continued and extended.

County associations and county and community committees, first organized in 1933, have operated the successive adjustment and conservation and ever-normal-granary programs.

These associations and committees have in no way taken the place of the general farm organizations, which for many years have been the voice of agriculture. They have played an important part in shaping the farm legislation and a continuing part in helping to guide the farm programs.

Marketing-agreement programs are operated locally by "control committees," on which both producers and handlers of the commodity affected are represented. Where producers are strongly organized in cooperative marketing associations, the cooperative plays a vital part in the functioning of the control committee.

In both marketing quotas, under the Agricultural Adjustment Act of 1938, and marketing orders, under the Agricultural Marketing Agreement Act, the application of such quotas and orders is made conditional on the approval of two-thirds of the producers concerned voting in a referendum.

The principle of farmer control is employed, through local committees and associations of farmers, in the rural rehabilitation, farm tenancy, rural electrification, and farm-credit programs.

The principle of farmer control, established under Federal legislation, has been extended to State legislation in the laws authorizing soil-conservation districts. These laws, as already noted, authorize farmers in a given district to decide how the land in that district should be treated in order to conserve the soil.

Through the recently developed county land use planning program, farmers share directly in the making of policies and plans. In this activity, community, county, and State committees have been set up. These include farmers, administrators of public programs, and specialists. The committees analyze local and State problems and submit recommendations to the Department of Agriculture. Through the land use planning committees, farmers and Government are enabled to work closely together.

Thus, after 20 years of struggle, farmers of the United States at last have achieved a greater measure of national farm unity than ever before and national recognition of their place in a National Farm Program, carried out for farmers and by farmers.

AIMS OF THE NATIONAL FARM PROGRAM

Out of the struggle and the experience of the two eventful decades in which agriculture carried on its fight for equality and won the opportunity to unite in a National Farm Program has come substantial agreement by farmers and the Nation on the fundamental objectives of this program.

There is general understanding now that the effort to achieve a balanced agriculture must be directed toward four such aims.

These are:

First, a fair share of the national income for farm families and fair exchange value for farm products.

The justice of agriculture's claim to security of income has been recognized by Congress in its definitions of "parity income" and of "fair exchange value" or "parity price."

Parity income has been defined by Congress as that per capita net income of persons on farms that bears the same relation to the per capita net income of persons not on farms as prevailed in the 5 years immediately before the first World War.

Fair exchange value, or parity price, has been defined by Congress as a price level that will give agricultural commodities purchasing power, in terms of things farmers buy, equivalent to the purchasing power of agricultural commodities in the 5 years before the World War.

The five years—August 1909 to July 1914—were taken as the parity period because that was a period in which there was balanced production on farms and agriculture was in good balance with the rest of the Nation.

As rapidly as possible the National Farm Program is intended to enable farmers to attain both fair exchange value and parity of income.

Second, conservation and wise use of agricultural resources.

Soil, water, grass, and trees are vital to the welfare of the entire Nation, but the task of conserving them must be done largely by farmers, if it is to be done at all.

Except in the case of trees and grass in the national forests very little had been done to check the destruction of these resources in the United States until means were provided for government to cooperate with farmers in dealing with this problem.

Experience has shown that there tends to be a fundamental conflict between the immediate interests of land owners and operators, on the one hand, and the long-time interest of the Nation, on the other. Essentially it is the old conflict between the desire of individuals for quick profits and the Nation's desire to protect a basic resource. Individuals often feel that they cannot conserve agricultural resources and at the same time compete with other producers, although such a handicap may not hold over a period of years. Both when prices are low and when prices are high, the farmer who protects his land is likely to be at a disadvantage in relation to the farmer who exploits his land. With respect to farms occupied by tenants, the factor of competition is especially serious.

The land in the United States permanently ruined by erosion within the last 100 years represents an area larger than Ohio and Indiana combined. An equal area is bordering on the same condition. An additional area twice as large has been seriously damaged. A forest area equal to two average-sized States has been made economically unproductive for a half century to come. Destruction of agricultural resources has also increased flood hazards, ruined streams, filled reservoirs with silt, and brought actual or potential shortage in many kinds of timber.

If a foreign country powerful enough to do so should annex the Corn Belt, the loss to the Nation of the farm land in this region would be staggering. Yet the land that has been destroyed or can no longer be profitably farmed because of erosion and depletion of fertility is comparable to the entire crop acreage of the Corn Belt.

Because land is the farmer's main business asset and because it is indispensable to national welfare, the National Farm Program includes conservation as one of its fundamental objectives.

Third, safeguarding consumer supplies of food and fiber.

There has never been a general shortage of food and fiber in the United States. Famine and shortages which have occurred frequently in other parts of the world have been unknown here. But there have been wide variations from time to time in supplies of farm commodities and failure at times to get existing abundance to all groups of consumers.

An important aim of the National Farm Program is to provide abundance now and in the future and to avoid waste by helping to make certain that the abundance produced by farmers is actually moved into consumption to supply all who need it.

Fourth, stability of farm communities and the promotion of national stability.

A balanced agriculture is a permanent agriculture. When agriculture is out of balance, agricultural stability and national stability are threatened.

Stability of farm communities involves not only stability of land resources and security of income but also stability of farm families on the land. This includes

security of farm tenure, either through owner operation of family-sized farms or through more permanent status of farm tenants. It also involves rural institutions—governmental, economic, and social—organized in such a way as to contribute to the permanence of farm communities. It involves counteracting the processes by which wealth has been drained from farm to city.

Agricultural stability is one of the principal foundations of national stability. This is true with respect to economic well-being, social well-being, and the population life stream itself.

From the standpoint of economic well-being, a serious decline in farm income may be as tragic for large groups of city workers as for farm people. On the other hand, there has never been a serious depression in the cities when farmers were prosperous. Increased farm income is bound to contribute to increased national income.

From the standpoint of social well-being, permanent farm communities are important safeguards for traditional American institutions. The Nation was almost wholly agricultural when its principles of democracy were first established, and the influence of rural social ideas has been felt throughout its history. That is why stability of farm communities is so important to social stability in the Nation.

The satisfactions of living enjoyed by farm people depend not only on their home life, their love of the land, and their association with nature and the outdoors, but also on the social life of the community and its facilities for education, recreation, religious worship, culture, and health.

From the standpoint of the population life stream, permanent farm communities are extremely important to the entire Nation. Without farm youth to draw upon, the population of large cities would decline. In cities of more than 100,000 population, 10 adults are rearing only 7 children. Among farm families, 10 adults are rearing 14 children. Thus the kind of advantages available to farm youth will have an important bearing on city life later.

Because of the importance of stability to agriculture and of agricultural stability to national stability, it is one of the fundamental aims of the National Farm Program.

Equality of Opportunity for Agriculture

The aims of the National Farm Program—security, conservation, abundance, and stability—are interwoven through all its phases. The program, like the farm problem, is many-sided. But in all parts of the program these aims, recognized by Congress in the legislation authorizing it, are basic. They are in keeping with the best traditions of American life.

Beyond all these aims is the one all-inclusive aim of equality of opportunity for farm people—opportunity to earn a living, opportunity to share in the production of commodities the Nation needs, opportunity to share in the use of these com-

modities, opportunity to establish homes with the right kind of surroundings for the healthy development of children, opportunity for individual, community, and national progress which can be continued without fear of destructive interruption.

The achieving of a balanced agriculture, which is essential to equality of opportunity for agriculture, will serve both the agricultural welfare and the general welfare. Whatever is really in the interests of one is bound to be in the interests of the other.

VI

THE EVER-NORMAL GRANARY

In the progress toward a balanced agriculture, the National Farm Program necessarily includes separate programs which deal with separate phases of the central problem but contribute to the attainment of all the objectives of security, conservation, abundance, and stability described in the preceding section.

These separate programs may be grouped as dealing with four parts of the problem: (1) Supply of agricultural products; (2) demand for and consumption of agricultural products; (3) conservation of the land and the living products of the land; and (4) assistance to farm homes and farm communities. This section and the succeeding three sections describe what is being done in each of the four.

The ever-normal-granary program, in a broad sense, includes the various activities concerned with the supply of agricultural products. It is designed to provide abundance from year to year and in the future with reserves in the store-houses and reserves in the soil. It is concerned with efficiency of production, adjustment of production, conservation, balancing the flow of market supplies, and insuring crop yields.

I. Promoting Efficient Production

One of the factors in assuring abundance is to produce needed supplies as efficiently as possible, with a minimum of work and expense.

Production efficiency helps farmers by making their work easier.

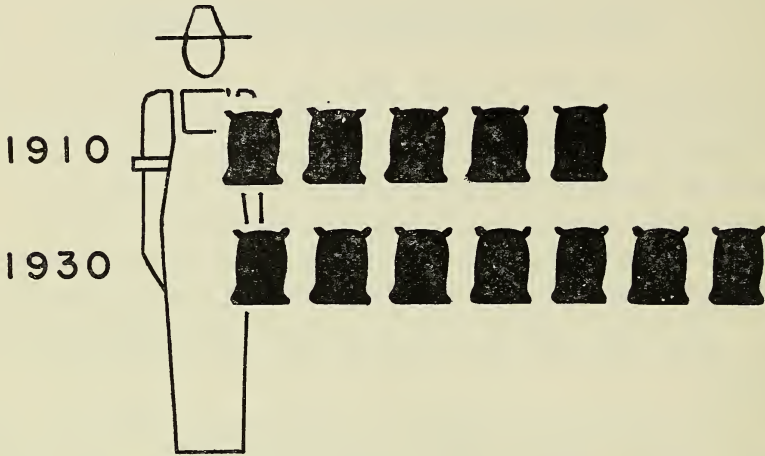
Production efficiency helps consumers by lowering costs of production and therefore of prices.

Production efficiency helps the soil by making more land available for crops that protect and improve it.

The promotion of efficient production, which is an integral part of the present National Farm Program, has been carried on by farmers, with the help of State and Federal agricultural agencies, for many years.

Production per worker engaged in agriculture in the United States is now three times as great as it was 100 years ago. As pointed out in a previous section, production per agricultural worker increased 21 percent between 1910 and 1920, and by 1930 had increased 41 percent over 1910. There has been a further substantial increase since 1930.

FARM PRODUCTION PER WORKER INCREASED 41% IN 20 YEARS



The gain in farm efficiency has laid the basis for the great variety and abundance of foods and other products of the farm which are available to the people of the United States. It has also released human energy for the production of goods and services of other kinds which, together with farm abundance, has made possible for American people the highest standard of living in the world.

Corn growers have provided an outstanding example of the importance of production efficiency. Through increased use of hybrid seed, commercial fertilizer, and improved methods, they are now able to grow enough corn for the Nation on fewer acres and at lower cost per unit. This is especially important in the production of a crop that exposes the soil throughout the growing season.

The gain in farm production efficiency in general is the result of research to develop better crop varieties, better methods of tillage, improved farm machinery and equipment, better strains of livestock that use feed more efficiently, and better feeding methods. It is the result of research in production costs and farm management. It is the result of inspection, regulation, and quarantines to prevent entrance into this country of animal and plant diseases and pests, and the development of methods of control and stamp out those already in the country. Finally, it is the result of the desire on the part of farmers to use the knowledge that has been gained by research, and of the establishment of agencies for making this knowledge available to farmers.

Investigations are in progress continuously in the laboratories and experiment stations of the Department of Agriculture, and at the State experiment stations, maintained cooperatively by the Federal and State Governments.

Under the Bankhead-Jones Act (mentioned in Section 4), especially effective work is being done in fundamental science, both in Washington and in the mine field research laboratories established at various points over the country.

The locations of these laboratories, and the special types of research in which they are engaged, are: Charleston, S. C., vegetable research; State College, Pa., pasture improvement; Urbana, Ill., soybean research; Ames, Iowa, swine breeding; Dubois, Idaho, sheep breeding; Auburn, Ala., animal diseases; East Lansing, Mich., poultry diseases; Riverside, Calif., special soils research pertaining to irrigated lands; and Ithaca, N. Y., relation of soil to plant, animal, and human nutrition.

While there have been great advances in the research work itself, new and improved methods of making the results of this work known to farmers and the general public also have been developed, through intensification of the extension work which had been carried on for many years, and through the issuance of Department of Agriculture yearbooks on plant and animal breeding, soils, nutrition, and other subjects.

Farm youth in 4-H Clubs and in public schools learn to put the knowledge gained by research to practical use in farm and home projects, with the aid of local club leaders and under the guidance of extension agents and teachers.

Agriculture has made good use of the new knowledge that has permitted increased production efficiency, and the whole Nation has gained by the development and application of this knowledge. Continued efforts toward greater production efficiency will increase agriculture's contribution to the national welfare.

2. Adjustment of Production

Experience since the close of the First World War has convinced farmers that, in order to prevent the advantages of increased production efficiency from being turned into disadvantages, this increased efficiency must be accompanied by methods of keeping supplies in line with needs.

Otherwise, more efficient production would mean overproduction, wasteful of the soil and economically wasteful through lower prices and lower incomes for farmers.

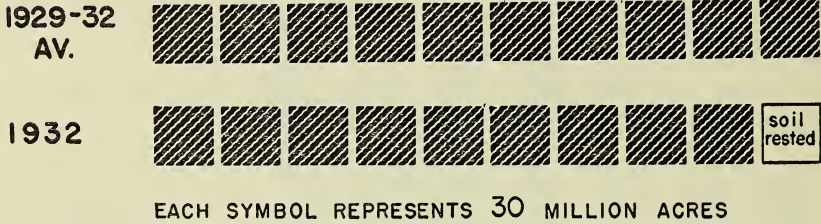
Adjustment may mean either increased or decreased production of an individual commodity in line with changing demand on the foreign market or changing domestic needs.

Production adjustment in harmony with proper treatment of the land is essential to conservation. Soil is conserved every time an acre is shifted from a depleting to a conserving crop.

Most farmers, when they expand production of their cultivated crops, such as corn and wheat, simply modify their crop-rotation system so that the land is devoted to cultivated crops a larger proportion of the time and to grasses and legumes a smaller proportion of the time. Reducing production of cultivated

crops on the same land would simply mean leaving it in grass or legumes for a longer period in the crop rotation, with resulting better protection for the soil.

ACREAGE OF SOIL - DEPLETING CROPS REDUCED 10%



The National Farm Program provides a method which farmers can use for dividing among themselves the market for staple products, including cotton, wheat, corn, tobacco, and rice, which can be stored, for which demand remains fairly constant, and which are on the export market directly or indirectly. It is a necessary part of the effort to stabilize market supplies and prices of farm commodities. It is an essential feature of the ever-normal granary.

Acreage Allotments Based on Crop and Market Information

The national allotment for each of the principal crops is computed in advance of the planting season, in the light of needs for domestic consumption, probable exports, and adequate reserves.

In setting the national allotment for any given crop, the production for the preceding season and the size of the probable carry-over are important factors considered. This information is supplied through the crop reporting service which has been rendered by the Department of Agriculture for many years.

Further aids in arriving at these national allotments are the outlook reports assembled each fall by the Department of Agriculture in cooperation with the State colleges.

The national allotments are then broken down into State, county, and individual farm allotments, so that each farmer may know the acreage of a given crop which it is desirable for him to plant. Acreage allotments for individual farms are determined by the local committees of farmers.

Farm-Program Payments

Farmers who cooperate in the agricultural conservation program earn payments by staying within their acreage allotments and by carrying out soil-building practices. Farmers also are eligible for parity payments when they stay within their acreage allotments.

These payments enable farmers to conserve the soil. They also help farmers to attain economic equality in 3 ways:

1. By providing an incentive for farmers to adjust their production, so as to help balance supply with demand and thus strengthen farm prices and farm income.
2. By assisting farmers in maintaining the productive capacity of the land.
3. By making a direct contribution to farm income.

Fair Play to Regions

The funds available for conservation and parity payments are apportioned among the various commodities in accordance with a formula provided in the law.

Under the conservation program the important elements of the formula are the normal acreage and value of the commodities and the amount of sacrifice made by the producers of each commodity. The rate of payment with respect to each commodity relates to the normal yield of the allotted acreage; hence, the rate of payment per acre varies by areas according to the productivity of the land. Thus the total payments vary among regions largely on the basis of productivity and of the sacrifice involved.

Parity-payment funds are distributed among the commodities on the basis of the amount by which farm returns of each commodity fall below parity income; hence, payments under this program tend to equalize income among commodities and areas so far as funds permit.

The law contains a provision under which payments of less than \$200 made in connection with the conservation program are increased by varying percentages, reaching a maximum of 40 percent in cases of very small payments. There is also a provision which limits the payment to one payee to \$10,000. These provisions result in increasing the payments in areas of small producers.

An important effect of the application of the formula contained in the law is to apportion relatively larger amounts of funds in any given year to the regions in which they are most needed. Thus the payment provisions of the farm program are designed to make it apply equitably to all regions.

3. Conservation as a Stabilizer of Supply

While conservation of agricultural resources is a vital task in itself (and is discussed at length in Section 8), it also has a direct bearing on the stabilizing of supplies of food and fiber.

For this reason the conservation program is closely intertwined with the adjustment of production. On most of the farm land of the country, conservation and adjustment go together. Both are accomplished through rearrangement of crop rotations or other changes in the use of land such as strip cropping or the permanent retirement of land to trees or grass.

Through the shifting of crop rotations, the production of unneeded amounts of soil-depleting crops, such as corn, wheat, cotton, tobacco, and rice may be

decreased and the production of needed soil-conserving crops such as grasses and legumes may be increased.

Government payments for more extensive production of soil-conserving crops help farmers meet the cash sacrifice they make in producing less of soil-depleting crops. Indeed, conservation on a broad scale, under private ownership, without compulsion, would be impossible without these payments.

Conservation efforts under the National Farm Program are as broad as the conservation problem. All of these efforts are concerned with the best use of all the land and its resources for the greatest good of all the people.

The agricultural conservation program is necessary to assure continued agricultural abundance and is an essential part of the ever-normal granary.

4. Balancing the Flow of Market Supplies

Because of variations in weather and other growing conditions, production efficiency and production adjustment are not sufficient to assure stability in market supplies and prices.

In the case of fruits and vegetables, market gluts and shortages often occur as a result of the rate at which the commodity is marketed.

The greatest variations in supplies effecting the country as a whole have resulted from variations in weather. Drought in 1934 and again in 1936 cut the corn crop 1,000,000,000 bushels under the normal production of 2,500,000,000 bushels. Had farmers known in advance that drought would strike, they could not have planted enough acreage to corn to produce normal supplies. A similar situation existed in wheat production, and, to some degree, in the production of other crops. The corn shortage resulting from drought was felt later in reduced marketings of livestock and sharply increased meat prices. It also resulted in higher costs of producing milk and eggs. Thus both producers and consumers were hurt.

Commodity Loans

Under the National Farm Program, ever-normal-granary reserves are made possible by commodity storage loans.

Commodity loans give producers an immediate cash income from their crop and enable them to store surpluses of big-crop years for use in years of short crops. Experience with the ever-normal granary is demonstrating that agriculture can supply its markets every year without wasteful overproduction, and, at the same time, farmers can protect themselves against the price-depressing effects of supplies not immediately needed.

Cotton loans and tobacco loans put a floor under domestic prices and permit farmers to market these commodities in an orderly manner.

Corn is the most important grain used in the production of livestock. Stability in corn supplies and prices is essential to stable meat supplies and prices. About 9 percent of the corn crop is used for livestock feed. The corn loans keep corn on

farms or in nearby storage convenient to the place where it will eventually be used.

Wheat storage loans put a floor under the domestic price and help protect farmers' income derived from wheat. These loans permit farmers to market their wheat in an orderly manner and, by establishing reserve supplies, minimize the chance of having to import wheat in short crop years.

Following the droughts of 1934 and 1936, when the corn crop was reduced by a billion bushels and the wheat crop by more than 200 million bushels, substantial imports of both corn and wheat were attracted over the tariff wall by the relatively favorable prices prevailing in this country. Imports of these and other farm commodities led many farmers and others to believe that agriculture was thereby being injured. They failed to recognize that the farm imports (which in the aggregate were considerably smaller than farm imports of the 1920's, for example) came into the country in response to better farm prices.

Now, with the ever-normal granary and its provisions for storing surpluses from good crop years as reserves for use in poor crop years, it is possible to protect prices of corn and wheat in time of surplus and avoid extreme shortage of domestic supplies in time of drought.

Marketing Quotas

When total supplies of tobacco, cotton, corn, wheat, or rice, including reserves and current production, become excessive, the law provides that farmers may back up their commodity loans with marketing quotas—in fact, in such circumstances loans on these commodities cannot be made unless quotas are in effect. Without this protective device, the value of any commodity on which such a loan was extended might decline drastically, as was the case in the Farm Board days, and leave the Government with heavy losses and large accumulated supplies of the commodity.

Marketing quotas cannot become effective on any commodity unless farmers producing that commodity approve them by a two-thirds majority of those voting in a referendum.

When marketing quotas are placed in effect, each producer is allotted his share of the market and if he markets more than his share, he must pay a penalty upon such excess marketing.

Commodity loans have been made on cotton, tobacco, corn, and wheat, but marketing quotas have been necessary thus far only on cotton and tobacco.

Marketing-Agreement and Surplus-Removal Programs

Marketing-agreement programs serve to bring about more orderly marketing and to prevent market gluts in the normal channels of trade. Fruit and vegetable marketing agreements provide for orderly marketing through regulation of shipments, or grade and size regulations. Milk marketing agreements provide for minimum prices which handlers are required to pay producers.

Marketing-agreement programs enable all producers of a commodity, in cooperation with the Government and through powers granted by Congress, to improve marketing conditions.

Surplus-removal programs, including the food stamp plan and cotton stamp plan (described later), relieve temporary market gluts and help to protect farmers' prices at the same time they make available the surplus supplies to needy families.

Regulation of Farm-Commodity Markets

Other essential services of the farm program help to improve the marketing system. Supervision of trading in futures in agricultural commodities, under the Commodities Exchange Act, protects farmers and the general public by preventing market manipulation. Protection of producers' equities in their commodities is further insured under the Perishable Agricultural Commodities Act and the Packers and Stockyards Act which operate to suppress unfair and fraudulent practices and to correct market irregularities. Similar merchandising "rules of fair play" have been established under the Cotton and Grain Standards Acts, the Tobacco Inspection Act, the Warehouse Act, the Standard Container Acts, and others. The Federal Seed Act controls the quality of all imported agricultural seeds and vegetable seeds, and requires complete and correct labeling of seeds shipped in interstate commerce.

All of these types of operation—commodity storage loans, marketing quotas, marketing agreement and surplus removal programs, and commodity market regulation and current market information—help to balance the flow of market supplies and comprise a fourth essential of an ever-normal granary. Day-to-day reports on supply and demand conditions at important markets the country over are disseminated for more than 100 agricultural commodities. This Nation-wide market news service so complements the crop and livestock reporting service that producers and the general public are provided with a comprehensive picture of current and prospective supplies and prices.

5. Insuring Crop Yields

In addition to price hazards, the farmer is, and always has been, subject to unpredictable income losses from unavoidable damage to his crops by bad weather, accidents, or attacks by insects and plant disease. The need of the farmer for "all-risk" crop insurance was vividly demonstrated during the drought years, when the crop income of more than a million farm families was sharply reduced or entirely wiped out.

Commercial insurance firms have made a few tentative experiments in writing "all-risk" crop insurance, but found profit possibilities too small to justify the necessary extensive pioneering work to establish such insurance. Early commercial attempts lacked reliable data on which to base rates and to obtain a proper spread of the risk involved. They also ran into difficulties because the insurance, written in dollars, guaranteed price as well as yield.

Through the Federal Crop Insurance Act of 1938, a new method has been devised to provide all-risk insurance for wheat. Under this method, insurance covers yield but not price. Yield statistics recorded in connection with crop adjustment programs made it possible to establish a premium rate for insurance according to the risk on an individual farm.

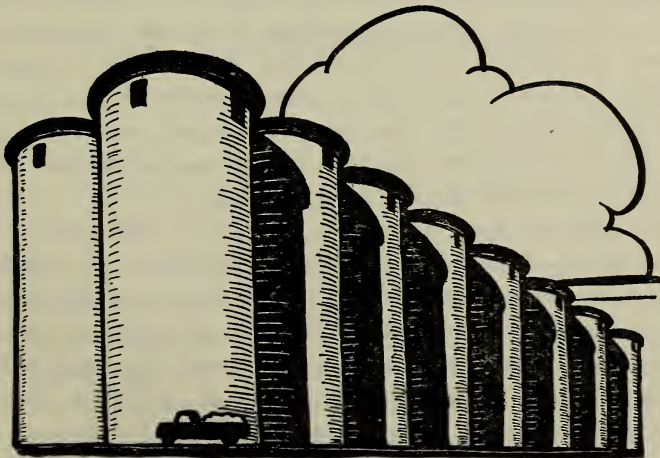
With Federal wheat crop insurance, an insured producer can be certain that he will have an income from wheat every year, regardless of crop conditions. Insurance premiums are paid in terms of wheat or cash equivalent. Insurance reserves are in the form of wheat in storage, and indemnity payments are made in terms of wheat or cash equivalent from these reserves.

Reserve supplies of wheat paid in by farmers who take out crop insurance are an important part of the ever-normal granary for wheat and add to the protection afforded by reserves under commodity storage loans. Wheat-crop insurance helps to stabilize market supplies and prices for wheat and helps to protect and stabilize the income of wheat producers.

Successful operation of crop insurance for wheat will point the way toward crop insurance for producers of other important commodities.

Stabilized Production and Prices the Goal

It is seen from the foregoing description of the various measures intended to assure and stabilize abundant supplies of farm products, and protect farm prices, that the ever-normal granary program is much broader than the mere storage of reserves. It has become a broad and comprehensive attack on the entire problem of protecting agricultural production and prices against violent fluctuations of the type which have been so harmful in the past. The ever-normal granary is a long step forward toward the achievement of a balanced agriculture. As it becomes more and more effective, it will be more and more valuable as one of the economic balance wheels needed to stabilize the Nation's business.



VII

PUTTING ABUNDANCE TO USE

Only half the farm problem is on the farm; the other half is in the cities and towns of the United States and in the markets overseas.

The National Farm Program, therefore, includes action to expand outlets for the products of American farms.

This action is of three kinds: (1) Measures to make it possible for low-income groups in this country to consume more; (2) measures to expand American farm export markets; and (3) measures to find new industrial uses for farm products.

I. Expanding Domestic Consumption

It is one kind of problem to provide abundance and an entirely different kind of problem to make sure that it can be enjoyed by all the people who need it.

There has never been a general shortage of farm products in the United States, but there have been many examples of failure to get the abundance of the farms to the people who did not have enough.

Need has existed not only in cities but on farms. Producers of cotton often have been unable to buy their own product in the form of clothing because income from their production was so low and because the cost of processing represents such a large part of the total cost of the finished product. Lack of the right kinds of food for a good diet and even food shortage have occurred on farms. Often operators of small farms with poor soil, in an attempt to get enough cash income, neglect production of needed food that could be raised on the farm.

But it is in the cities where the problem of putting abundance to use is most serious. In cities, the existence of need in the midst of plenty has been caused mostly by lack of opportunity for employment and by low purchasing power. Surpluses that were a burden on the farmer and ruined his prices did not help people in cities who were hungry and in the need of clothing.

Unfilled needs for food in cities are most prevalent in the case of protective foods—dairy products, eggs, fruits, and vegetables. Farmers have often had unsalable surpluses of these foods, not necessarily because they produced more than was needed, but because consumers did not have enough money to buy what they required for good health. The lack of purchasing power for the needed quantities of these foods lowers the national standards of health and physical vitality, shuts off a potentially important market for farm products, and limits improvement in farm income and national income.

A close relation exists between factory payrolls and the market for protective foods. People with only a few cents a day to spend for food will continue to buy bread, but they will be unable to buy butter for their bread until they have greater purchasing power. So the problem of the wheat grower is to adjust production to market demands, but the dairyman's problem is closely related to the ability of consumers to buy.

Two Kinds of Surplus Problem

This distinction between the problem of the wheat producer and the problem of the dairyman is important. It illustrates the general difference between the problem of wheat, cotton, lard, and tobacco on the one hand, and dairy products, meats, poultry products, and fruits and vegetables, on the other.

Adjustment Essential for Export Crops

Producers of the first group of commodities have long depended to an important degree on the export market. Also, the domestic demand for these commodities is fairly constant, especially for wheat. No matter how much more money people have to spend, they use little if any more bread or flour. With respect to cotton, domestic consumption does rise and fall with general business activity, but in the past this has been largely due to fluctuations in the quantity of cotton used for industrial purposes. Cotton used each year for clothing and household purposes averages about $3\frac{1}{2}$ million bales.

Thus it will be seen that surplus production of nearly 200 million bushels of wheat or 6 million bales of cotton—as was actually the case in 1937 after invalidation of the production-control provisions of the first Agricultural Adjustment Act—far exceeds any possible increase in domestic consumption. If such surpluses can not be moved into export, the only recourse for farmers is to adjust their production or marketings.

Buying Power Affects Some Commodities

For producers of the second group of commodities—dairy products, meats, poultry products, and fruits and vegetables—the difficulty is a part of the general problem of increasing purchasing power and consumption of goods. Studies have shown that over a number of years farmers' cash receipts from sale of these commodities have gone up and down with fluctuations in consumer income. Consumers in the aggregate spend a certain percentage of their income for these commodities. If their income is low, and farmers offer a big supply for sale, the price is bound to be low. If consumers' income is high, farmers are able to sell large quantities of these commodities at a reasonable price.

The best solution to the problem of these producers, therefore, is to increase consumer buying power. This gives farmers better returns and consumers more and better food.

If everyone who wanted to work had a regular job at good wages, special measures to put abundance to use would not be so necessary. But temporarily and pending the return of full employment, one important part of the National Farm Program is the distribution of surplus farm products to needy families. It is an attempt to right the wrong of surplus and hunger existing side by side.

Direct Purchase and Distribution

Since the depths of the depression various methods have been employed to put surplus farm products to use. Until 1939, the principal method was the purchase by the Department of such products direct from farmers or original handlers or processors, for distribution through the State relief agencies. Surplus products were supplied only on request from these agencies.

This method is still in use and continues to be effective in quickly relieving glutted markets which bear heavily on producers.

However, distribution was carried on entirely outside regular channels of trade. Furthermore, it did not give needy consumers an opportunity to exercise as wide a choice as to the kind and quantity of the various surplus products they received.

Food Stamp Plan

As a new approach to the problem of agricultural surpluses and the underconsumption of farm products, the food stamp plan was developed in the spring of 1939 by the Department of Agriculture in cooperation with the food trades.

Under this plan increased buying power is provided low-income families in the form of food-order stamps. The stamps are exchanged for surpluses in food stores, thus increasing the flow of these surpluses through commercial channels.

The usual system followed under the food stamp plan involves the use of both orange-colored and blue stamps. Low-income families pay cash for the orange stamps, which may be exchanged for any food products, and are given blue stamps without charge, which may be exchanged only for food products classified periodically as being in surplus.

Orange stamps are used in order to assure that the regular amount of cash purchases of food will be continued and that the surpluses acquired with blue stamps will be a net addition to consumption.

Stamps are issued in books of varying amounts but always in the ratio of \$1 worth of orange stamps for each 50 cents' worth of blue stamps.

There is a definite reason for this ratio. Before the food stamp plan was tried, studies were made to discover how much low-income families were spending for food, and also how much they would have to spend in order to attain the minimum standard of health requirements. These studies revealed that the average expenditure by such families was only \$1 per person per week—or 5 cents a meal. For a minimum standard of health, it was found

that at least \$1.50 per person per week should be expended. This would raise the average from 5 cents to 7½ cents a meal.

Food stamps are printed by the Treasury Department and are issued by the Department of Agriculture through relief and welfare agencies to low-income families certified as being eligible. These families then exchange the stamps for food at grocery stores cooperating in the plan. Grocers in turn obtain cash for their stamps at their local banks or through their wholesale grocer. In due course the stamps are redeemed by the Treasury Department in Washington with funds appropriated for the purpose by Congress.

The list of surplus foods is changed from time to time as supply and market conditions change. A commodity may be added to the list when supplies of that commodity are so large that they cannot easily be marketed otherwise. Conversely, commodities may be taken off the list when the pressure of surplus is relieved.

This method of distributing surpluses gives three-way benefits.

1. It improves the farmers' market by increasing the volume of demand.
2. It brings to needy families increased quantities of the right kind of food.
3. It increases the volume of business done by the food handling trades and puts money in circulation which helps general business.

School Lunch Program

Besides the food stamp plan, several other programs which put surplus farm products into the hands of needy families are in operation.

One of these is the school-lunch program, in which farm surpluses acquired through direct purchase are made available to supply free lunches for needy and undernourished school children.

Low-Cost Milk Program

Another is the low-cost milk program in operation in several large cities, in which milk is sold at a special low price to families certified as eligible. This is made possible in part through a special producer price established under the marketing-agreement program in a given marketing area, and in part by the use of Federal funds.

Cotton Stamp Plan

Still another is the cotton stamp plan, which was begun on a small scale in the spring of 1940. It is similar to the food stamp plan. With respect to cotton, however, only a relatively small proportion of the funds used to increase consumption can find its way into the hands of cotton producers. This is because, on the average, the cotton farmer receives less than 20 percent of the retail price of cotton goods. This plan, therefore, while important for farmers, will be of greater assistance to labor in the textile industry and to the cotton goods trade.

Home-Made Mattress Program

Another project, through which surplus cotton is being utilized, is the encouragement of home manufacture of cotton mattresses by farm families in the South which in any case would be unable to buy them. Under the program surplus cotton and ticking for mattress-making are furnished low-income families by the Department of Agriculture. Persons eligible to receive the cotton are certified by county agricultural conservation committees. The cotton is shipped to mattress-making centers where county home demonstration agents, together with volunteer local leaders, give demonstrations in mattress-making.

Mattresses have been made also under work projects from materials supplied by the Department to State relief and welfare agencies. These projects are of direct benefit to cotton producers and avoid the expenditure of funds for processing, as in the cotton stamp plan.

The extent to which all these plans for getting farm surpluses into the hands of low-income groups can meet the farmers' surplus problem depends, of course, on the amount of funds available.

Special Services on Behalf of Consumers

Besides the measures to move the abundance of the farm into consumption, the National Farm Program includes special services which help consumers to put the farm abundance to use.

In the operation of various parts of the farm program, the interests of consumers are represented by technical advisers who have specialized in problems of consumer needs and are qualified to express the point of view of consumers.

Another service is the Department's meat inspection, which protects the public against unwholesome meat and also provides that processing of meat must be performed under sanitary conditions.

Of great benefit to consumers are the grades and standards for many different kinds of food products established by the Department for voluntary use by producers, handlers, and retailers. Products marketed under these standards are certified by Department inspectors.

In the utilization of farm products, home economics research develops for housewives and other consumers fundamental information on how to put them to the best use at the lowest cost. This information is made available to anyone in both city and country through publications, radio broadcasts, and news reports.

2. Expanding Markets Abroad

Besides the efforts to expand domestic consumption of farm products, steps have been taken to expand export outlets.

Farmers producing for export, as was explained in previous sections, have been handicapped ever since the early 1920's by low prices and the fact that their own prices were largely determined by the world price.

They have also been handicapped by the increase in world production and the increase in competition on the world market. The McNary-Haugen and export-debenture proposals recognized the desirability of keeping the domestic price from being at the mercy of the world market. These proposals were put forward with a view to making the tariff effective for the producers of export crops in a national economy in which the tariff was used to protect industrial groups.

How a system of keeping the domestic price above the world price finally became a reality under the Agricultural Adjustment Act of 1933 has already been recounted. With respect to wheat and cotton, the price of the domestically consumed portion included the amount of the processing tax. The remainder was available for export at the world price.

Along with this two-price system, the United States took a leading part among the wheat-exporting and wheat-importing countries of the world in developing an international wheat agreement in 1933. This agreement attempted to meet the problem of world overproduction by dividing the available world markets among the exporting countries so as to maintain fairer prices for all wheat producers. But before there had been time to make the agreement fully effective, short crops in the United States and other exporting countries temporarily made the need for it less imperative.

The system of keeping the domestic price of wheat and other export commodities above the world price by means of a processing tax was brought to an end by the Supreme Court decision of January 1936.

Good Weather Brought Back Need for Export Outlets

Temporarily, this loss was not felt so keenly because of the drought of 1936, but when good weather in 1937 and 1938 brought new surpluses, the United States was again faced with the problem of regaining its fair share of the world markets for export commodities. The trade agreements program carried out by the State Department had been of real help in reopening export markets for American farm products. Under these agreements, the United States reduced its duties on the products of other countries—chiefly industrial products—and in return these countries reduced the duties on farm and other commodities from the United States. As the United States bought more goods from abroad, foreign countries acquired purchasing power with which to buy more farm products from this country. But because of unsettled world conditions, the trade agreements program by itself could not meet the surplus problem of the wheat and cotton producers.

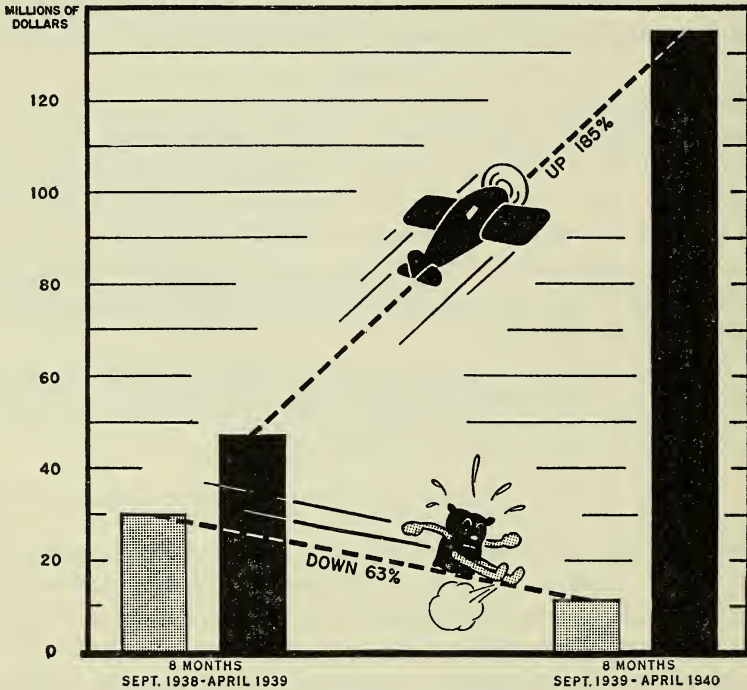
Meanwhile, with the processing tax eliminated, Congress had devised another system for protecting the domestic price through commodity loans.

Recognizing the need of strengthening world prices also, the United States Government in 1939 proposed a new international wheat agreement, and, later, an international cotton agreement.

Pending negotiation of such agreements, the Government utilized export subsidies to assure to United States producers of wheat and cotton their fair share of the world market, and at the same time protection for their domestic price. Thus, in effect, a two-price system was re-established.

War In Europe Affects United States Farmers' Export Prospects

The outbreak of war in Europe in September 1939, however, greatly changed the outlook for the sale of American farm products abroad.



Effect of war on wheat- and aircraft-exports.

Experience during the present war has pointed to the necessity of devising new and effective means to enable farmers of the United States to retain their place in the world market.

3. Finding New Uses for Farm Products

Even with the extensive measures that have been taken to put farm abundance to good use in the cities and to assure farmers their fair share of the export market, there is still a pressing need for finding profitable market outlets for what agriculture can produce.

Farmers look hopefully for the development of industrial uses for farm commodities and farm wastes that will provide such profitable outlets.

In fact, they need new industrial utilization of their products not only to provide profitable markets but also to counteract the effects of technological changes that have deprived them of markets they had in the past.

Methods of making synthetic fibers from wood pulp displaced some of the use of fibers produced by farmers from cotton and flax and wool. Now, the production of fiber from mineral sources constitutes a new threat to the farmers' market.

Automotive power and transportation which replaced horses and mules led to utilization of the great petroleum resources of this country, but it eliminated the need for 35 million acres of feed crops.

The development of synthetic dyes from coal derivatives which displaced vegetable dyes was a chemical discovery detrimental to growers of madder and indigo.

But science and invention have also helped to increase the demand for farm products. Many industrial uses have been found for soybeans, though, aside from soybeans processed for food purposes, industry uses only about 3 percent of the total soybean crop. Industrial chemistry and invention and processing for human food products have provided a market for about 10 percent of the corn crop. Industrial chemistry has made cottonseed a valuable part of the cotton crop. It has improved the market for some farm products by the development of methods of extracting chemicals from farm wastes. Starch production from farm products promises increased markets if costs can be lowered. Industrial production of plastics offers possibilities.

Corn Alcohol for Motor Fuel

Ever since the decade of the 1920's much thought and research have been devoted to the production of corn alcohol as a motor fuel. Progress in this field is restricted by the cost of the product in comparison with motor fuels produced from petroleum. Unless the cost of making motor fuel from corn alcohol can be greatly reduced or unless consumers favor legislation which would require the blending of alcohol with gasoline in motor fuel, there seems little opportunity at present to utilize surplus corn in this way.

Petroleum reserves in the ground are not unlimited, however, and it may be that at some time in the future corn or other farm products will be an important supplement to petroleum supplies.

Industrial Utilization May Depend Upon Price

Numerous industries have been built up by using products of the farm as raw material. Chemistry and invention have contributed greatly to the living standards of farm people as well as city people; but farmers, from the stand-

point of their immediate welfare, have to think about the price they are going to get for their products as well as the amount they can sell.

In some cases, successful industries might be developed for the utilization of farm products if those products could be acquired cheaply enough. But too often the price which industry could afford to pay is lower than the price at which the farmer could afford to sell.

The Department of Agriculture has pioneered and has long been a leader in research directed toward finding new uses for agricultural products, byproducts, waste products, and surpluses. Department scientists have many notable achievements to their credit in this field. Department chemists discovered that pectin for making jams and jellies could be manufactured from cull citrus fruits, and that furfural, a chemical used in the oil industry, could be made from oat hulls. They have found profitable uses for milk sugar in the whey from cheese and for casein, the most important byproduct of the dairy industry. They have developed many new products from the soybean.

With additional funds made available by Congress for the purpose, an expanded program of experimental work to develop uses for surplus products is being carried forward.

Regional Research Laboratories

The newest development in this field is the establishment by the Department of four regional research laboratories, in accordance with the Agricultural Adjustment Act of 1938. These laboratories are located at or near Peoria, Ill., New Orleans, La., San Francisco, Calif., and Philadelphia, Pa.

The four laboratories are going ahead with extensive research programs, in an effort to broaden and expand the industrial utilization of farm products. Each laboratory will concentrate especially on the utilization of surplus products which are important in the region in which it is located.

Scientific research always takes a great deal of time, and significant results from the research laboratory program should not be expected for a number of years. Eventually the work done by these laboratories should be of great value to farmers and the Nation.

Meanwhile, farmers look to other parts of the National Farm Program for a more immediate solution of their price and income problems.

Farmers Opposed to Scarcity

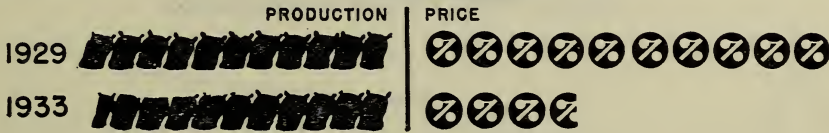
All these efforts to put farm products to use—distribution of farm surpluses among low-income groups, expansion of export markets, and the search for new industrial uses—give evidence of the farmers' determination to make their contribution to the building of a true economy of abundance.

Farmers always have been opposed to the idea of scarcity and have refused to join in when other economic groups have practiced scarcity in an extreme form. During the depression in the early 1930's, industry reduced its production drastically and reduced its prices only slightly. The agricultural-implement industry was an outstanding example. From 1929 to the spring of 1933, production of agricultural implements was reduced by 80 percent, but prices dropped by only 6 percent. In contrast, agriculture reduced its production by 6 percent, but its prices went down by 63 percent.

FARM EQUIPMENT ... *Production greatly reduced but prices held up*



AGRICULTURE ... *Production reduced only 6% but prices fell 63%*

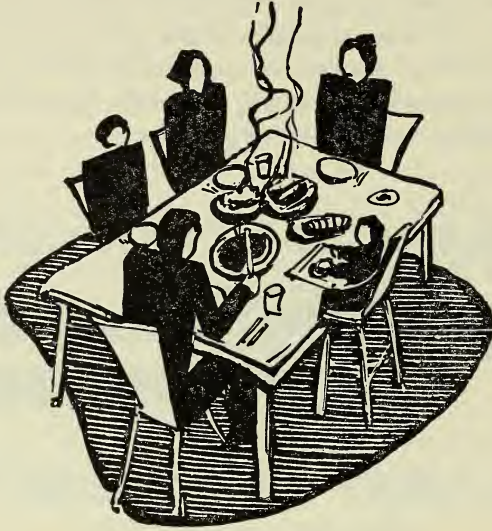


*Each plow represents 20 percent of 1929 production.
 Each bag represents 10 percent of 1929 production.
 Each disc represents 10 percent of 1929 price.*

Farmers know that to go on producing wheat and cotton for markets which no longer exist would clearly be wasteful. This would be a contribution not to abundance but to scarcity, for the production of such unneeded and unsalable surpluses leads to waste of irreplaceable soil and soil fertility, lack of buying power on farms, and to depression, unemployment, and bread lines in cities.

But, in such amounts as the products of the farm are needed and can be consumed, farmers want to go on producing. They want their food products to supply good diets for all the people, both rich and poor. They want their fiber products to supply everyone with the clothing and household articles they need.

Farmers ask only that the products of their labor bring to themselves and their fellow citizens, not a descent into poverty, but a greater measure of wealth.



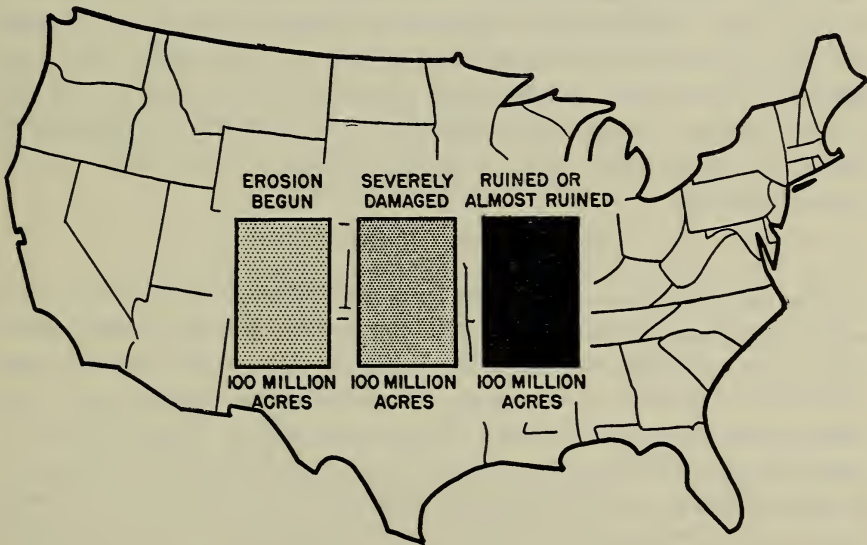
VIII

SAVING SOIL, WATER, GRASS, AND TREES

An area equal to roughly one-fifth of all the land in the United States used for the production of crops and livestock, excluding only ungrazed forest and woodlands, has been either completely ruined or seriously damaged by erosion. In terms of cropland alone, 100 million acres of present and former cropland have been ruined, the equivalent of roughly one-fourth of the area now used for the production of crops.

In 300 years, and mostly within the last 100 years, the vast agricultural resources of this Nation, rich in fertile soil, in valuable timber and in water resources and wildlife, have been exploited to the point where only skillful management and careful planning and use will preserve their present value.

EROSION INVADDES THE LAND



Once-rich farm land has been destroyed or its fertility exhausted at an alarming pace. Millions of acres of timberland have been slashed and then left for fire and erosion to complete the destruction. Protective grass has been plowed under in semiarid regions unsuited to cultivated crops and the soil left exposed to blow away. Streams have been muddied and shallowed by soil torn from the eroding hills and their flood crests heightened by the lack

of plant and tree cover on the land they drain. Reservoirs and power plants have been crippled with silt and debris from the uplands. Rich bottom lands have been buried beneath sterile subsoil left by raging waters. Valuable species of wildlife have disappeared or have greatly diminished.

Of the total cropland area of the United States, 61 percent is subject to continued erosion or is of a quality too poor to be profitably farmed. Over half of this area is subject to serious damage by erosion.

Problem Varies by Regions

In the cut-over forest regions, much of the land on which rural families are trying to exist is unfit for farming. Frequently settlement is sparse, and even poor schools and roads cost more than the people can pay, so that the entire public has to foot a large part of the bill. These lands, while valuable for timber production, do not contribute to national welfare and, when farmed, become a burden in the form of human and land-use problems.

Although abandonment of farms has taken out of production much of the poorer soil in the Northeast, there has been an increase since 1930 in the number of farms in this region. In the hilly regions of the Southeast, population has increased rapidly because the young people, who in years past would have found opportunities in new farming regions or in cities, have had no place to go. Furthermore, during the depression years there was an actual net migration into some of these areas of poor soil. No more than a bare subsistence can be extracted from the remaining fertility, and the intensive farming, practiced because of the density of the population, is exposing the land to increased erosion which is rapidly gullying it and carrying away the remaining topsoil.

Grass Protects the Land

In the semiarid region of the West, careful management of the land is necessary to prevent a repetition of the dust storms that, in severe drought periods a few years ago, filled the skies with dust as far away as the Atlantic Ocean. Thousands of families in these areas have been driven from the land in bad years to wander aimlessly in search of new opportunities. Many of those who remained have had to go on relief and there is widespread tax delinquency. In much of this area protection for the land and the people requires increasing the size of the farming unit, in order to combine grazing with crop cultivation, and maintaining a protective cover of grass on a larger proportion of the soil.

Both public and private range has suffered from overstocking and from grazing before the grass has a chance to get a start. Drought and wind and normal seasonal rains have taken their toll in erosion on lands where the protective cover has been depleted by overgrazing. Under these conditions the profits from livestock have been reduced and living standards of the people lowered. But examples of good management on public and private ranges prove that such waste of human and land resources is not necessary.

Drainage of low land has been useful and beneficial in many areas, but it also has proved often to be a waste of money, and has led to destructive fires in peat soils that have dried out. Drainage of such areas has also destroyed refuges of valuable wildlife species.

In their Nation-wide effort to make wise use of the land and conserve agricultural resources farm families of the Nation are using the help of many provisions of the National Farm Program.

Conservation of Soil

Research and demonstration work in the farm program provide for developing and showing effective methods of conserving and using land to maintain productivity and prevent erosion. Cooperation with individuals and with groups of farmers in applying good land use practices is the basis for putting into operation soil conservation plans on entire farms and on whole areas. Groups of farmers are rapidly organizing under State laws in soil conservation districts in order to apply soil conservation measures on all land needing treatment in the districts. Under cooperative agreements with soil conservation districts the Department of Agriculture supplies technical advisers and machinery for planning and carrying out comprehensive programs of wise land use.

Soil conservation payments to farmers cooperating in the farm program, as described in the section on the Ever-Normal Granary, help to meet the cash cost of more extensive use of soil-conserving crops and practices. Acreage adjustment of crops produced in surplus makes more land available for soil-conserving crops and prevents wasteful overproduction.

Forest Conservation

As rapidly as funds are available for the purpose, new lands are bought and added to national forests and land requiring reforestation is planted to desirable and adapted species of trees. These forest lands are managed with the aim of continuous production of forest products, along with watershed protection and improvement to contribute to flood control, and to maintain water supplies in streams and lakes and for city water systems.

The Department, cooperating with the States, provides aid for individual forest-land owners on management problems. Cooperation with the States increases the effectiveness of fire-control measures on all forest lands, and through this work contributes to better range management and use, better environments for wildlife and better conditions for outdoor recreation. Similarly, cooperation with the States in the production and distribution of planting stock makes trees available at cost for forest plantings. Cooperation with the States and with individual farmers in semiarid sections of the West in the development of shelter plantings is providing protection for homes, for range land, and for farm land subject to wind erosion. Conservation payments which help to meet the cost of farm forest plantings and farm forest main-

tenance contribute to expansion and improvement in forest resources of farms.

Civilian Conservation Corps camp members in the national forests under the direction of the Department of Agriculture contribute to forest conservation by planting trees, removing fire hazards, and establishing roads and fire lanes.

Purchase and Development of Submarginal Land

Improved land use brought about by the purchase and development of submarginal land also helps to relieve social and economic maladjustment. The land purchased is unsuited to cultivation and is developed for some better adapted use, such as forestry, grazing, or wildlife conservation. A large percentage of this land is transferred to State agencies for management. In the Great Plains region, however, it is used primarily for grazing and serves to enable farmers to increase the size of their farming units and diversify their production. Much low land, on which drainage for crop production has been unprofitable, has been used to reestablish refuges for waterfowl. Large areas are being reforested by the Federal Government.

Small Water Facilities

Small water facilities developed in arid and semiarid sections promote wise use of both soil and water. Assistance is provided for farmers and ranchers in the building and installation of dams, stock watering ponds, wells, and diversion structures for small-scale irrigation. Where the necessary cash outlay is greater than can be supplied by the land operators, loans are available.

Under the range conservation and other provisions of the farm program, payments which help to meet cash costs may be earned for the development of needed watering places.

Flood Control

The Department of Agriculture has been given responsibility by Congress for flood-control work which is closely related to other phases of land management.

Flood-control efforts are centered on the treatment of land in the upstream areas of watersheds, to retard the run-off of surface water. It may involve such measures as reforestation, forest-fire control, cover improvement, contour cultivation and terracing, and stream-channel barriers. Such efforts are usually undertaken in cooperation with local soil conservation districts or other local agencies having adequate flood-control powers.

Civilization Depends on the Land

All these phases of the campaign for conservation are being carried on as a vital part of the National Farm Program.

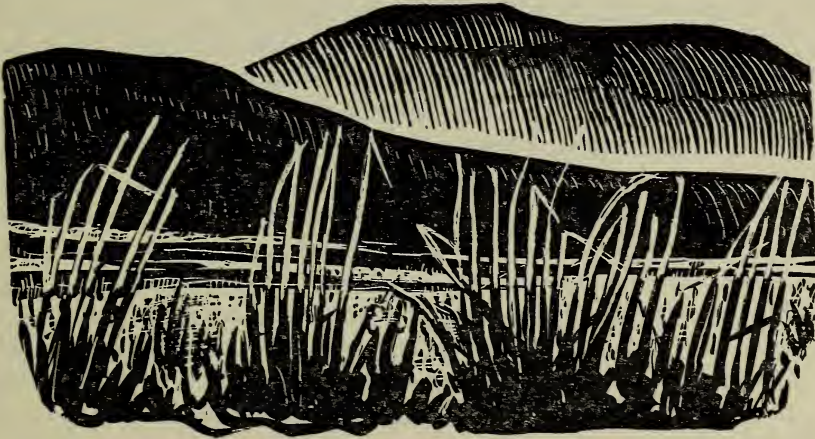
The far-reaching significance of this movement as it affects the long-time welfare of the Nation has been strongly emphasized by Secretary of Agriculture Henry A. Wallace. Speaking before the Association of Land Grant Colleges and Universities at their annual meeting at Washington, D. C., November 17, 1939, he said:

Today nations of Asia and Europe and their possessions, comprising almost one billion people, are in a campaign of wholesale destruction. If this destruction continues, these nations are doomed to leave their lands prostrate in material and human resources. It is now vital that *our* great Nation begin a vast and healing program of conservation for ourselves which may later also give war-exhausted peoples an incentive to start anew on civilization's upward path.

On its lands and natural resources a nation will rise or fall. Our Nation has come to a stage where conservation of our basic wealth is vital. Within three centuries we have fully occupied our lands. The President's executive order in 1936, withdrawing public domain from homestead entry, closed an era in American history. The frontiers of new lands have disappeared forever. Upon the conservation of what we have today our civilization *may* project itself into the future with continued progress in democracy and high standards of living.

In a comparatively brief period we have exploited our resources lavishly and have by this means developed enormous wealth and power. But this cannot continue on vanishing lands. Without a great movement for conservation our much vaunted modern civilization will in time be plunged into decadence and lower standards as have befallen other great nations in the past.

The truth is that this Nation's need is for a master conservation plan—a plan to save our natural resources that is conceived with realism and prosecuted with patriotic fervor; and a plan to restore human resources as an expression of a country's concern over the people who live in it.



IX

FARM HOMES AND FARM FAMILIES

Of first importance in the efforts of farm families toward better living and greater security are protection and improvement of farm income and the conservation and better use of agricultural resources, discussed in previous sections.

Better living and greater security for farm people involve also improvement in farm homes; sound agricultural credit; the rehabilitation of destitute families on the land; security of farm tenure; and assistance for migrant farm families.

Improvement in Farm Homes

Ultimately, agricultural progress finds its expression in farm homes that are more attractive, more convenient, and more comfortable—in greater enjoyment and more satisfactory living by farm families.

Recognition of the justice of "equality for agriculture" involves recognition of the right of farmers to share equitably in the material abundance and cultural advancement which America's wealth has made or can make possible for all the people. The whole purpose of the National Farm Program, in its essence, is to help farmers achieve this American standard of living.

Services for the farm home are provided by the same Federal-State system of research and extension that serves the farmer. Results of research in the value and use of foods, clothing, and textiles, and on problems of home management are made available through the services of State and county extension agents, and through bulletins, radio, and printed articles.

Much work has been done by the Department of Agriculture in determining the nutritive value of different foods, especially with respect to their vitamin and mineral content, and this information is made available to the public. The Department also studies proper food combinations for balanced diets and how food should be prepared and served in appetizing meals.

Another important phase of home economics research is in the field of standards for clothing and household articles. Results of this research are not only of benefit to consumers but are helpful to textile and clothing manufacturers.

As a part of the effort to promote greater use of cotton, home economics research has developed improved methods of utilizing cotton in stockings, dresses, and other articles of clothing.

The work in household management promotes economical operation of the household and effective use of the family's resources. It also deals with principles which can advantageously be followed in the selection, use, and arrangement of furnishings and equipment.

Home-construction plans and facts about home modernization are available to farm families and others. This information covers such projects as efficient arrangement of kitchens, home electrification, and the construction of water systems and sanitary facilities.

Rural Electrification

Provisions of the National Farm Program which help farm families to obtain the advantages of electricity are not only adding to the comfort and convenience of farm homes, but contributing to efficient operation and better incomes on farms.

As late as 1935, only about 10 percent of American farms were receiving control-station electric service.

Farmers had not been able to obtain high-line electricity chiefly because private companies built few lines outside of concentrated-population areas. Rates were frequently prohibitive of the practical application of electricity to farm uses, such as feed grinding, refrigeration, milking, chick brooding, and the like.

The rural electrification program is designed to overcome these handicaps by bringing electricity to farmers throughout entire areas at prices they can afford.

Loans are available under this program to cooperatives, public power districts, municipalities, and other public bodies, and also to private utilities in order to cover the entire cost of constructing rural electric distribution systems and to bring electric power to farmers not already served. Under the law, preference must be given to requests from nonprofit organizations and public bodies. These loans are made for periods as long as 25 years at a low rate of interest. Loans are also available for the construction of generating plants when no other source of power is available, or when wholesale rates are such as to jeopardize the financial soundness of a rural electric system. Another type of loan is available for financing plumbing and wiring installations and certain types of electric farm equipment.

Agricultural Credit

Sound, adequate credit facilities for agriculture at reasonable rates are an important part of the National Farm Program. These facilities contribute to the security of farm families, to the financial success of individual farms, and to the stability of farm communities.

A Nation-wide system of agricultural credit provides both long-term and short-term loans to individual farmers, and credit to farmers' cooperatives and mutual companies.

To administer the system of agricultural credit, the country is divided into 12 farm credit districts, and each type of credit is available in each of these districts.

Farm Mortgage Loans

Eligible farmers may obtain long-term mortgage loans through their local units called "national farm loan associations." These loans are made only on first-mortgage security, usually for a term of 30-odd years.

"Land-bank commissioner loans," also available for long terms, are made on second as well as on first-mortgage security.

Production Credit

Loans to finance individual farmers in crop and livestock production are obtained through local production credit associations, which are supervised by a production credit corporation in each district.

Under this short-term credit service, loans are generally made to mature at the time crops or livestock financed are normally marketed.

From funds appropriated by Congress, emergency crop and feed loans are made to farmers who cannot obtain production credit from other sources, particularly in areas stricken by drought, flood, or other natural disaster.

Credit for Cooperatives

Farmers' cooperatives and mutual companies may obtain loans from the 12 district banks for cooperatives or the central bank for cooperatives in Washington, D. C. In general, the credit needs of farmers' cooperatives in the various districts are met by the district banks, while the cooperatives of national or broad regional scope are served by the central bank.

Loans may be made to finance the purchase, construction, or lease of physical facilities, or to provide funds to finance every-day operations.

Reestablishing Farm Families

Special provisions of the National Farm Program for farm families that were on relief or were near a relief status serve to assist these families to continue their work and remain independent.

Farmers unable to obtain adequate credit through ordinary channels can obtain assistance in planning a good system of farming and also small loans to put their plans in operation. The loans enable them to purchase necessary equipment, livestock, feed, and seed, and to repair existing machinery and

equipment. Management plans on which the loans are conditioned provide (1) for the production of cash crops and the use of farm practices that conserve and improve the soil (2) for the keeping of livestock needed to operate the farm and to supply livestock products for the family, (3) for the production of ample livestock feed needed on the farm, and (4) for the production and preserving of the fruits and vegetables needed for adequate family diet.

Farmers overburdened with debt are helped through local farmer committees to negotiate voluntary adjustment with their creditors. This service is available to all farmers, whether or not they obtain rehabilitation loans.

Farm families in extreme distress, as in areas stricken by drought or flood, may receive small grants for the purchase of food and clothing.

Part of the program for reestablishing farm families consists in the purchase of large-scale equipment, too expensive to be purchased by farmers individually, which they may use jointly through small service cooperatives.

Still another part of the program is the provision of low-cost medical service through cooperation with local doctors. This service is available also to other low-income families.

Promoting Stability of Farm Tenure

For many years there has been a gradual increase in the percentage of farms operated by tenants rather than owners.

As new territory passed from the frontier stage into the stage of established farm communities, tenancy began to appear in agriculture.

In more recent years, the increase in tenancy has taken place at an accelerated rate.

During prosperous times, speculative land values—higher than the actual earning power of the land—have caused many farms to pass into the hands of absentee owners. Similarly, in times of depression, economic difficulties have caused farm operators to lose their holdings. In both good and bad times, the transfer of family estates has caused the ownership of farms to pass out of the hands of those who operated them.

The net result is an agricultural-tenancy problem of serious proportions in the United States. Whereas in 1880 only 25 percent of the farm land was operated by tenants, in 1935 tenants operated 42 percent of the farm land.

Most of the significant increase in tenancy since the beginning of the first World War has taken place in the Corn Belt, the Great Plains, and the intermountain region of the Rockies. For many years the percentage of tenancy has been high in the South.

To understand the place of tenancy in American farm life, one must be familiar with what is usually called the "agricultural ladder." By this is meant the progression, during one farmer's lifetime, from the status of farm laborer to farm tenant and finally to farm owner. If all farm tenancy were simply a stage on this ladder, then tenancy as an institution would be relatively

stabilized and there would be little or no worrying about it. But in recent years many farmers have found progress up this ladder increasingly difficult. Thousands of them, in fact, have been forced down to a lower place on the ladder, or even have been shaken off altogether.

Farm tenancy presents one of the deep-seated difficulties in agriculture today. A small but significant start toward meeting it has been made in the tenant land-purchase program.

Long-term loans are available to eligible farm tenants, sharecroppers, and farm laborers to enable them to purchase farms of their own. Available funds are allotted to States and Territories on the basis of farm population and the prevalence of tenancy. Local committees of farmers certify eligible applicants for loans. Those who are chosen are assisted to buy family-sized farms with the necessary improvements and equipment to provide sufficient income while the loans are being repaid.

Farm tenancy is not necessarily an evil in itself. What is harmful to farm communities and farm life is instability of farm tenure.

For the purpose of checking the annual migration of more than a million tenant families from one farm to another because of poor leasing arrangements, a written and easily understood farm lease has been made available, and can be obtained free of charge by any farmer. The program for rehabilitating farm tenant families includes assistance to these families in obtaining longer term leases.

Security of farm tenure is important not only for stability of farm families but for conservation of farm land. Tenants with only a short-time interest in the land they use have little incentive to prevent erosion and to maintain productivity of the soil.

Assisting Migrant Farm Families

To help meet the urgent needs of the thousands of migratory farm families who have lost their place on the land as a result of drought, dust storms, mechanization, and generally difficult economic conditions, temporary camps have been built.

The camps contain sanitary facilities and meet the minimum housing and living requirements of these wandering families engaged in part-time seasonal employment.

More permanent living arrangements are gradually being worked out for some of these families in areas needing seasonal farm labor. Permanent homes are being constructed on small tracts of land which provide opportunity for part-time farming. (This entire problem is discussed further in Section 11.)

Improving Farm Labor Standards

Minimum wage standards for sugarcane and sugarbeet workers and the elimination of child labor are provided under the Sugar Act of 1937. Payments

to producers participating in the sugar program are conditioned in part on the payment of fair and reasonable wages to field labor. Producers employing child labor are not eligible for sugar-program payments.

A New and Better Rural America

Through the National Farm Program, farm families in all situations are able to work toward improvement in their mode of living.

Better farm homes make better farm communities. Better farm homes provide the basis for a rural way of life that is rich in the intangible values of the open country.

The conservation of the soil, the protection of farm income, the improvement in food and clothing and housing on the farm, the extension of electricity to rural communities, the provision of adequate credit, the rehabilitation of low-income farm families, the advance of farm tenants to farm ownership, and the effort of migrant farm families to find their place in society once more—all these contribute to a new and better rural America and to the general welfare.

PROGRESS UNDER THE FARM PROGRAM

The intense efforts put forth by 6,000,000 American farm families who have participated in the National Farm Program since 1933 have taken them far along the road toward a balanced agriculture.

Cooperating with each other and with Federal, State, and local agencies, they have made striking progress, not only in the newer fields of action opened up, but in lines of useful work which they had followed for many years and which they still continue.

Recognition has long been given to the advance in production efficiency, in cooperative marketing, in home improvement, and in the use of long-term mortgage credit.

Programs in the newer fields of action, however, have been developed so rapidly that the nation has not had the same opportunity to take stock of what has been done under them.

In looking at the farm problem today, it is worth while to consider what has been done as well as what remains to be done. This chapter deals largely with the progress which farmers have made since the rise of economic democracy on the farm.

Higher Prices, More Income, Fewer Bankruptcies

Farmers had nearly twice as much income in 1939 as in 1932. Cash income rose from \$4,682,000,000 to \$8,518,000,000. Farm prices increased from 65 percent of the pre-war level to 93 percent. The exchange value of farm products increased from an average of 61 percent of the pre-war level in 1932 to 77 percent in 1939.

Since 1933 the number of forced farm sales has declined by approximately 69 percent. The number of farm bankruptcies in this period declined by 76 percent. The Nation's total farm-mortgage debt has been reduced by more than \$2,000,000,000 from the early 1930 level. This reduction came about through payment of debts, scaling down of principal through refinancing, and, to a considerable extent, mortgage foreclosure and voluntary title transfer.

IMPROVED FARM INCOME BOOSTS CITY BUSINESS

NEW AUTOMOBILES

1932 

1939 

Symbol = 500,000 new cars

FACTORY EMPLOYMENT

1932 

1939 

Symbol = 1 million workers

GASOLINE CONSUMPTION

1932 

1939 

Symbol = 5 billion gallons

FERTILIZER SALES

1932 

1939 

Symbol = 1 million tax tag sales

BUSINESS FAILURES

1932 

1939 

Symbol = 5,000 failures

ELECTRICITY CONSUMPTION

1932 

1939 

Symbol = 15 billion kilowatt hours

ELECTRIC REFRIGERATOR SALES

1932 

1939 

Symbol = 250,000 sales

RURAL ELECTRIFICATION

1932 

1939 

Symbol = 200,000 customers

Effects of Increased Farm Income on City Business

When farm cash income rose from $4\frac{1}{2}$ billion dollars in 1932 to $8\frac{1}{2}$ billion in 1939, farm buying power rose proportionately. In 1939 farmers were able to buy about 99 percent as much of the commodities they need as in 1929. In 1932 they were able to buy only 58 percent as much as in 1929. Mail-order sales had increased in 1938 to 463 million dollars from the low point of 201 million in 1932. Farm machinery sales increased 371 percent from 1932 to 1939. Automobile sales were 184 percent higher in the farm states. It is estimated that 20 percent of the factory workers reemployed between 1932 and 1938 went back to work as a result of increased farm buying power.

Participation in Farm Program

The extent of cooperation of farmers in the farm program is one of the best measures of its success. More than 6 million farmers are participating in it.

Altogether more than 800,000 farm people help to plan and operate the various parts of the National Farm Program. These include about 100,000 farmer-elected county and community committeemen operating the conservation and adjustment program; 72,000 farm men and women serving in county and community planning groups; more than 586,000 volunteer local leaders in the cooperative extension program; Federal farm credit association directors and committees totaling 36,000; local farm rehabilitation program committeemen numbering 26,753; and 4,900 rural electrification association directors.

In addition, more than a half million farmers report regularly on crops, livestock, and weather.

Soil Conservation

Many phases of the farm program contribute to the conservation of the Nation's agricultural resources. Under the conservation and adjustment program about 80 percent of the farm land and 70 percent of the privately owned range land were included in 1939 participation. Through the adjustment provisions of the program about 30 million acres of land have been shifted from soil-depleting to soil-conserving uses annually. Included in soil-conserving uses under the 1938 program were 55 million acres of new seedings of soil-conserving crops; 16 million acres of contour farming, contour listing, and controlled fallow; 74,000 miles of terraces constructed; and more than 3,000 miles of contour ridging done on pasture land.

Up to June 30, 1939, a total of 48 million acres of farm land in 82,000 farms were covered by 5-year cooperative soil conservation agreements between farmers and the Department of Agriculture in erosion-control demonstration areas. These agreements provided for complete farm plans for erosion control and good land management.

More than 250 soil-conservation districts were organized under State laws in 37 States by June 1940. Within these districts, which are operated by farmers, there are more than 120 million acres and more than a million farms. By June 1940 the Department was working actively with 182 of these districts.

Range livestock producers have carried out an extensive program of range conservation, cooperating with three agencies of the Department of Agriculture administering portions of the farm program. Range-improvement practices have been employed on approximately 190 million acres, including natural reseeding through deferred grazing on 28 million acres. Other widely adopted range conservation practices are artificial reseeding, and contour ridging and furrowing.

Under the supervision of the Department grazing on more than 80 million acres of national-forest lands is regulated with the assistance of range committees made up of livestock producers.

In addition to the progress made under the adjustment and conservation features of the farm program, improved land use has been brought about on 8,500,000 acres of submarginal land purchased and developed principally for forestry and grazing. (This is a portion of the 25 million acres of submarginal land purchased by the Federal Government since 1933.)

In the dry-land areas this submarginal land, unsuited to continued cultivation, is being turned back to grass and made available to nearby farmers to help them shift more to livestock production and away from the uncertainties of cash-crop production.

An important part of the efforts in the Western States toward a more permanent type of agriculture is the development of small water facilities to supply needs for livestock and, in some cases, to irrigate a small portion of a farmer's or rancher's land.

Nearly 30,000 ponds have been constructed on range land. They control run-off water during rainy seasons and store it for use during dry periods.

Forest Conservation

The greatest advance in the history of reforestation and forest conservation in this country since the creation of the national forests has been made during the last 7 years. About 12 million acres have been purchased or approved for purchase for additional national forest lands—more than 2½ times as much as in the preceding 22 years. Approximately 935,000 acres of national forest lands have been planted with nearly a billion trees.

Under the supervision of the Department of Agriculture in the Prairie States Forestry Project (Shelterbelt), 127 million trees in 11,000 miles of plantings provide protection for 3 million acres of land.

Additional thousands of trees have been planted on farm lands in the farm-forestry and agricultural conservation programs.

Cooperation with CCC

Progress in conservation owes much to the help of the Civilian Conservation Corps, the field work of which is supervised by agencies of the Department of Agriculture.

Protection of Federal, State, and private forests from fire has occupied a total of nearly 5 million man-days of actual fire fighting during the time the Civilian Conservation Corps has been in existence. Since 1933, members of the Corps have planted nearly 2 billion trees, built 22 forest nurseries, and carried out forest-improvement work on more than 3 million acres of established forest lands.

In soil conservation projects, Civilian Conservation Corps camps have completed work on more than a million acres of farm land under 5-year agreements which provide for complete plans of erosion control and farm management.

Destitute Farm Families Become Self-Supporting

Under the rehabilitation program, loans have been made to 800,000 farm families who were on relief or in a near-relief status to help them become self-supporting. Rural rehabilitation loans have been combined with assistance in developing farm-management and home-management plans. Of the 370 million dollars loaned up to April 1940, a total of nearly 130 million dollars has been repaid.

By January 1, 1940, low-cost medical plans were available to nearly 68,000 families in 30 States. Up to June 1, 1940, a total of 300,000 farmers had received the benefit of community-service loans which enabled them to share the cost of expensive farming equipment which they could not buy individually. For this purpose farmers organized 14,000 small cooperatives.

By July 1, 1940, camps established for migratory workers accommodated 10,000 families and additional units to accommodate 2,500 families were under construction.

By the close of the fiscal year ending June 30, 1940, loans were made enabling more than 13,000 tenants to purchase farms of their own.

Ever-Normal Granary and Crop Insurance

A total of 115 million dollars was loaned to 235,000 wheat producers on 167 million bushels of their 1939 crops, according to preliminary figures. In the first year of operation of the "all-risk" wheat crop insurance program more than 165,000 growers insured their crops, paying into the ever-normal granary a total of 7,242,000 bushels of wheat as premiums. Crop losses in 1939 were extensive and 55,000 growers, or 1 insured farmer out of 3, received an indemnity to make up for crop damage or failure. Although total indemnities of 10,125,000 bushels were paid, exceeding premium collections for the year, the actuarial basis of the program is such that premiums and indemnities are expected to balance over a period of representative crop years. In 1940, the second year of the crop insurance program, the number of contracts in force more than doubled, with 379,547 contracts issued, protecting growers of an estimated 106,476,514 bushels of production. Growers paid premiums of 14,807,585 bushels.

Through the corn-loan program, farmers have established an ever-normal granary for corn amounting to more than a fifth of a normal year's crop. Approximately 300,000 producers stored more than 300 million bushels of the 1939 crop under loans totaling 171 million dollars.

Wheat and Cotton Export Programs

Export programs for wheat and cotton have helped to protect farm income and the interests of United States farmers in the world market.

With the help of the wheat export subsidy, 118 million bushels of wheat were sold abroad in the 1938-39 marketing year—an amount equal to a little more than 20 percent of the world wheat market, about the same percentage as was normally supplied by United States producers during the 1920's.

With the help of the cotton export subsidy, more than 6 million bales of cotton were sold for export between July 27, 1939, and March 1, 1940, compared with only about 3½ million bales for the entire previous marketing year. However, the increase in sales went largely to build up depleted foreign stocks of American cotton.

Farm Credit

From May 1, 1933, to January 1, 1940, individual farmers and their co-operative organizations obtained \$5,951,000,000 in loans and discounts from institutions in the Federal farm credit system.

Rural Electrification

To the close of 1939, total allotments of 273 million dollars were made under the rural electrification program for the construction of 260,000 miles of line

to serve approximately 700,000 farm families. At that time 400,000 farms had been connected to lines constructed under this program. The great majority of these lines are cooperatively managed and serve at cost the members whose homes are connected with them. The number of electrified farms in the United States has more than doubled from 1935 to the present time. Approximately 25 percent of American farms were electrified by January 1, 1940, compared with 10.9 percent on January 1, 1935.

Marketing Agreements

More than 1,300,000 producers are directly affected by 45 marketing-agreement programs which help to protect and improve the incomes of producers of fruits, vegetables, and dairy products. The farm value of crops and of fluid milk handled under marketing agreement programs approximated 300 million dollars in 1939.

Surplus Products for Those in Need

Expansion in domestic distribution and consumption of farm products has been brought about through two types of program. Direct purchases to remove surpluses from congested markets provide supplies distributed through State relief agencies. The food-order stamp plan, by putting increased buying power into the hands of needy families, speeds the flow of surpluses through the regular channels of trade.

Direct purchases in 1939 removed a total of one billion 700 million pounds of surpluses for distribution to needy families. A total of more than 6 billion pounds has been purchased during the 6 years of this work.

A prominent phase of the surplus-removal programs is the supplying of food for undernourished school children. During the 1938-39 school year, donation of surpluses made possible free lunches for more than 800,000 undernourished school children. During the 1939-40 school year, as many as 2,316,000 undernourished children in 33,382 schools received free lunches daily.

Defense Against Insects and Disease

Vigorous campaigns against insects and disease have been carried out to meet emergency situations.

Efforts under general legislation enacted in 1937, in cooperation with State and local agencies, to protect crops from grasshoppers are estimated to have saved crops valued at more than 100 million dollars each year.

During the last three seasons, crops on more than a million acres have been protected from Mormon crickets through similar cooperative efforts.

Expansion of operations for control of black-stem rust of small grains, blister rust of white pines, and peach virus diseases has brought these diseases

under control in large important areas and has given worth-while employment to thousands of men certified through relief agencies.

The appearance of pink bollworm of cotton presents a threat to cotton culture of unprecedented importance and adds a new insect enemy requiring vigorous and persistent control measures.

In 1934 infestations of screwworm in new areas in the Southeastern States caused the death of thousands of animals. Special funds provided for an educational and control program which has reduced losses to a minimum.

Cattle-tick eradication, begun in 1906 in cooperation with States affected, has been so speeded up that now less than 1 percent of the original area remains under quarantine.

Bovine tuberculosis-eradication work, begun in 1917, likewise in cooperation with the States, had by 1934 resulted in 53 percent of the counties of the country being accredited. Additional funds made available have so speeded up this work in the last 5 years that the number of accredited counties has increased from 53 percent to 99.8 percent.

Testing of cattle for Bang's disease control with funds provided in 1934 has resulted in practical eradication of this disease (as of April 1, 1940) in 268 counties in 20 States. In addition, the cooperative Federal and State control measures have greatly reduced losses from the disease in thousands of individual herds in other areas.

The national poultry-improvement plan, which was started in 1935 to increase poultry-production efficiency by disease control and improved breeding, had active participation through 42,591 breeding flocks and hatcheries in 44 States in 1939.

The Most Significant Accomplishment

All these substantial achievements have been made possible by the voluntary and whole-hearted cooperation of farmers in the National Farm Program.

In the face of their energy and determination, farm problems which in the depths of the depression seemed so complex as almost to defy solution now are gradually being conquered.

In the farm program the farmers have built a piece of machinery which is democratically operated and can be adapted to meet various situations as they arise. This is their greatest and most significant accomplishment.

XI

FACING THE FUTURE

As the Nation maps its farm policy for the future, a balanced agriculture remains the goal.

A balanced agriculture will always mean a stable and permanent agriculture, based on stability of soil resources and on security and equality for farm families, in stable farm communities.

Much has been accomplished during the last 7 years toward the achievement of a balanced agriculture, but important problems remain to be solved before balance can be fully achieved. Even when a state of balance is attained, continuing efforts will be necessary to maintain it.

Sound local and national agricultural programs will be needed in the future, as in the past.

Security and equality of income for farm families, conservation of agricultural resources, the safeguarding of consumer supplies, and the promotion of national stability will remain basic objectives of the National Farm Program.

But while the objectives remain the same, the methods employed in the farm program must inevitably keep on changing as conditions change, if the program is to be continuously adapted to the needs of farmers.

Agriculture's problems today are partly on the farm and partly off the farm.

They involve farm income, balancing production and consumption, conservation, farm tenancy, increased mechanization, and the pressure of surplus population on the land.

Fair Share of Income Not Fully Attained

Agriculture cannot attain equality and the Nation cannot attain maximum national income, based on maximum production and consumption, without fair exchange value for farm products and a fair share of the national income for farmers.

The amount of goods and services which farm families can buy will continue to be limited by the value of their products in exchange for these goods and services. To put it another way, the farm market for city products can be built up and maintained only if farm income is in good balance with nonfarm income.

Further advances toward income equality can be made through the Nation-wide effort of farmers cooperating with government.

One reason why a national program to increase and protect farm income is so important is that it is necessary to offset forces that cause agricultural wealth to be drained from farms and concentrated in cities.

The cost of educating and training the Nation's youth falls disproportionately on agriculture. The 7 million farm families, although they are receiving only 9 percent of the national income, constitute 25 percent of the population of the United States, and are educating 31 percent of the children of school age.

During the 1920's net migration from farm to city was 6,300,000. Migration from farm to city consists largely of farm youth who go to the city to work and establish homes. As pointed out elsewhere in this publication, this migration is desirable from the standpoint of both agriculture and the Nation. But the fact must be recognized that agriculture bears a large part of the cost of training those who eventually work in the cities. If it costs \$150 a year to feed, clothe, and educate the average farm child up to the age of 15—a total of \$2,250 per child—then this migration represented a contribution by agriculture, over the 10-year period, of roughly 14 billion dollars.

Transfer of agricultural wealth takes place also because of migration of farm owners to cities and the settlement of farm estates involving the transfer of ownership to heirs living in cities.

In addition to all this, farmers are, in effect, subsidizing city consumers when they do not receive fair-exchange value for their products in relation to the prices of city goods and services which they need.

Farmers are still at least 1½ billion dollars short of parity income.

Farm-Debt Burden Still Heavy

Closely related to farm income is farm debt. The cost of carrying farm debt affects the amount of net income available for farm family living. Conversely, the level of farm income affects the farmer's ability to carry debt.

Agriculture's debt load, much of which was acquired prior to 1933, still is heavy, especially in areas that have suffered year after year from crop failure caused by drought, insect damage, and other conditions largely beyond the individual farmer's control. The permanence of farming communities in these areas hinges on the ability of farmers to carry their debt and hold their farms. That ability depends on the cost of credit and the prices of farm products.

How to modify the farm-credit system so as to adapt it better to the needs of farmers, in the light of existing conditions, and at the same time put it on the soundest financial basis possible, has in recent years become a vital problem facing agriculture.

Balance Between Production and Consumption Requires Further Effort

Despite the progress that has been made both in the adjustment of production and in the expansion of markets, agriculture still faces a chronic threat of surplus. The capacity of farmers and farm land to produce is in general greater than the capacity of markets to consume.

It is this continuing threat of surplus which, above all, makes a national farm program imperative.

The war in Europe, during its first few months, failed to increase the demand for farm products, just as did the first World War in its opening phase 25 years ago. Instead, the effect was in the other direction.

For many farm commodities the attainment of balance between production and consumption continues to depend on the restoration of full employment in cities.

Land Still Wearing Out Faster Than It Is Being Built

The United States has enough good land to provide abundantly for normal and even abnormal domestic demand. There is enough good land to produce certain crops for export if the land is farmed wisely by protecting it from erosion and by maintaining and improving its productivity.

However, only about 39 percent of the present cropland area of the United States can be safely cultivated under the practices that have prevailed in the past. Under the best practices, fully 82 percent of the present cropland area can be safely cultivated. Even under the best practices, about 18 percent of the present cropland area should not be cultivated but should be put to other uses. But this country has potential reserves in plowable pasture land, in timberland that would make productive cropland, and in land that could be brought safely into cultivation by drainage or irrigation. Land that can be cultivated safely under good practices, plus land that could be developed safely for cultivation, would total a little more than the present cropland area.

The Nation can look forward with confidence to continued agricultural plenty if the land is given good care. But, despite the remarkable progress that has been made in recent years, the soil is still wearing out faster than it is being rebuilt.

In the battle to preserve the Nation's fundamental source of wealth, farmers are fighting in the front line. If they are to win, they must redouble their efforts and they must have the continued assistance and cooperation of every governmental agency concerned with conservation of the land and the living products of the land.

Farm Tenancy a Deep-Seated Problem

Closely related to the problems of farm income and conservation of the soil is the problem of increasing farm tenancy.

As indicated in previous chapters, insecurity of farm tenure causes soil waste and lessens the income from an individual farm. At the same time farm tenancy is itself often caused by soil waste and variations in farm income.

Efforts being made to combat the increase in farm tenancy through a tenant land-purchase program have already been described.

However, unless this program can be expanded many times over and unless farmers can be assured of income security, efforts to increase owner-operation of

farms will continue to be outweighed by the forces causing an increase in farm tenancy.

The decline in the individual ownership of farms by men who operate them is similar in many ways to the decline in the individual ownership of city businesses which has accompanied the rise of the corporation.

As more and more farms are operated by tenants, the welfare of the soil is endangered, the stability of farm communities is threatened and the institutions of democracy in both city and country are placed under a greater strain.

Meeting the Effects of the Machine Age on Agriculture

Since the days of pioneer agriculture in this country, improvement in farm machinery continuously has increased the amount of farm commodities that could be produced by each farm worker.

Up to 1920 there was seasonal employment in the wheat harvest for as many as 200,000 workers. The combine has made it possible even for big producers to harvest their wheat without additional help.

Decrease in labor requirements in corn production of about 20 percent since before the First World War has resulted largely from replacement of the one-row cultivator by large-scale equipment and from the use of the mechanical corn picker. The effect of the two-row corn picker, first available in 1938, cannot yet be estimated.

Potato production is being more and more concentrated in commercial areas with increased use of mechanical equipment. The decline in labor requirements per bushel of potatoes since the First World War has been about 15 percent.

Preharvest operations in commercial vegetable areas are becoming thoroughly mechanized.

Labor requirements in sugar-beet production have been substantially reduced and a new sugarcane harvester threatens to displace many laborers.

In cotton production, tractors are rapidly eliminating labor in preharvest operations in areas of gently rolling or level land. Largely as a result of mechanization in preharvest operations, only about 33 hours of labor are necessary per acre of cotton in the Delta area, Black Waxy region of Texas, and the western semiarid regions. This is about 17 hours less than the average for the cotton area as a whole. Rapid development of the mechanical cotton picker threatens to be the most significant single influence in the replacement of labor in cotton production.

The development of new types of tractors has greatly expanded their use, increased their efficiency, and decreased their cost. Small, rubber-tired tractors are helping operators of family-sized farms to hold their own in competition with large-scale farms which for years have been able more advantageously to use tractors of the older type. But, at the same time, the small tractor is also extending to smaller farm units the displacement of tenants and farm laborers.

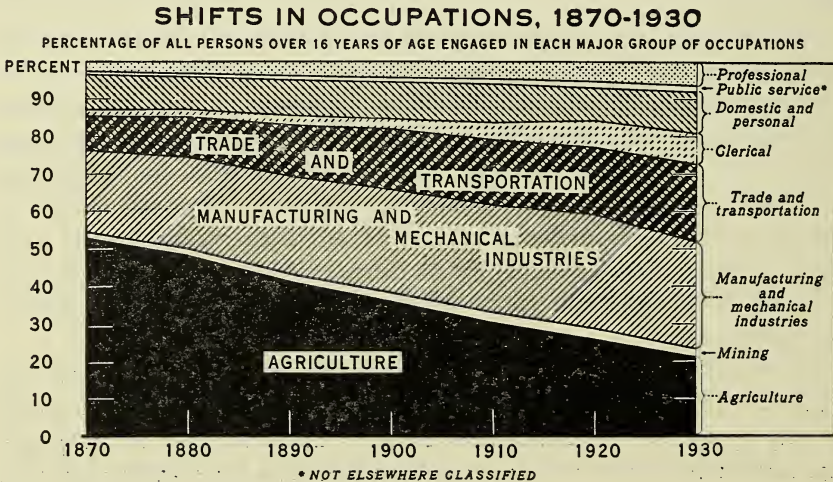
Another effect of the new tractors is the further displacement of horses and mules, and the release of the acreage formerly needed to grow feed for these work animals.

The increased use of machinery on farms cuts the cost of production of some farm commodities, but the change has been taking place so rapidly that its immediate effect on agriculture is upsetting. It not only displaces tenants and labor but tends to reduce tenants to a seasonal-labor status, and in total greatly reduces the number of workers needed to produce a given crop. It accentuates the chronic threat of overproduction. It increases the pressure of surplus population and contributes to the mass migrations of farm families seeking new opportunities.

Human Problems on the Land

Even without the effect of increased mechanization, the pressure of surplus population would present one of the most difficult phases of the farm problem today.

Throughout American history, prior to the recent economic depression, the number of people on the land has represented a steadily decreasing percentage of the total population. The trend was constantly downward from early days, when nearly everyone lived on the land, until 1930, when the number of people on farms amounted to about 24 percent of the total population. If this trend had continued its normal course, only about 19 percent of the total population would now be on farms. And although 19 percent of the total population could produce all the agricultural products needed, the indications are that there has been little change since 1930 and that about a fourth of the population of the Nation still lives on the land.



The indications, in other words, are that under normal conditions about 6 million farm people would have found opportunity in cities. Of these 6 million people, 1½ million are men who are potential workers, with little or no opportunity for work. There are no jobs for them in the cities and under the present organization of society they are not needed on the land. They are not needed to grow food and fiber for the cities.

This is agriculture's unemployment problem. It is related to city unemployment, as well as to the other fundamental problems of agriculture. Had this 6 million people found opportunity in cities, they would have helped to increase the production of city goods in keeping with the increase in abundance produced by agriculture and they would have helped to create a larger city market for farm products. They would have relieved the pressure on soil resources and would have made less difficult the problem of excess production. They would not have reduced the per capita share of an inadequate farm income and would have contributed to better balance in the purchasing power of farm products.

But the continuing substitution of machine power for man power and horse power intensified the pressure of people on the land.

The results in certain areas are rural poverty and discontent, and the migration of large numbers of farm people to California, Texas, Florida, and the cities of the North and East, in search of the opportunity they are unable to find in the farm communities they have called home.

This problem cannot be fully solved without increased business activity and increased industrial production in the cities. Such business recovery would provide opportunities for employment of young people from the farm. It would provide expanded markets for farm products and would increase farm income.

While a full solution for the problem of overpopulation on the land must await a greater measure of business recovery, much can be done and is being done in the meantime to relieve the situation. Through the rehabilitation and tenant land purchase programs, and provisions in the adjustment and conservation program, tenants are helped to maintain their status and the family-sized farm is encouraged.

Many other suggestions for temporary solutions to this problem have been made. One which is receiving wide favor is that surplus manpower in the country be given useful public employment in the conservation of natural resources.

Agriculture in the United States has not yet adjusted itself to the effects of the First World War. Now, with new wars being fought abroad, and the ordinary trade of the world severely upset, American agriculture faces the necessity of further adjustments. And when and if a stable peace comes, the shift in the world's production from armament and other commodities needed in wartime to fill people's ordinary peacetime wants will bring on other readjustments of world-wide scope that are bound to be of vital concern to American agriculture.

Democracy in Planning and Action for a Stable and Permanent Agriculture

To the extent that agriculture's difficulties are due to lack of foresight, mistakes of the past may be remedied and these mistakes avoided in the future by sound local and national planning. Without such planning as a basis for programs of action, agriculture would still be struggling through a morass of difficulties, and would have no hope of getting out.

No one knows more about the local problems and needs of agriculture than the man who lives on the farm. In the development of plans and the administration of programs, farmers must take a leading part to keep these plans and programs practical.

During the last 7 years, farmers have taken the lead in developing programs adapted to changing conditions. They have helped to modify these programs locally to make them fit more closely the needs of the individual farm.

Now, through county planning groups, farmers are carrying this task of guidance forward in a more systematic way.

Through these groups, they are sizing up the needs of the land and the people in their counties. They are determining the extent to which present public activities are meeting these needs. They are recommending what else ought to be done, how individual farmers can work with others on common problems, and how the work of single agencies can be fitted in with the work of all.

In the first year of land-use planning, about 70,000 farm people cooperated as members of committees, and the activity was extended to 1,120 counties in 47 States.

County land-use-planning work is still in its infancy. Through the planning committees, farmers have an opportunity to exert a direct influence on the making of programs and policies, and to help fit the various parts of the national program together so that it will be *one* program when it reaches the farm. Helping to extend this work to new counties, and helping to make it work well wherever it is extended, is one of the big jobs ahead for farmers during the next few years.

The Fight of 7 Million Farm Families

As the farmers of the United States look ahead, they see their road still beset with difficulties. But as they look back over the road they have traveled, they realize that many difficulties have already been faced and overcome.

Twenty years ago, farmers began a long uphill fight to put their industry on a sound, business-like basis, able to hold its own in a world where war and newly erected trade barriers had thrown old established commercial relationships out of gear, in a world where large-scale corporate enterprise made more insecure the position of millions of farm families competing with each other.

Twenty years ago, farmers in the United States began their long struggle to unify their industry. Adversity was the whip that made them join with their neighbors to seek a common solution for their problems.

Now, as they take their bearings afresh, they find they have built, within the framework of democratic institutions, a National Farm Program through which they can work together to meet their problems.

They have checked the process of agricultural decay. With the help of their Government they have begun to restore agriculture to its essential place of usefulness in the national life.

In the task of achieving a balanced agriculture, many problems have been met. Other problems remain.

Agriculture's fight for equality and security is the fight of 7 million individual farm families. Nearly every one of those 7 million families has known what it meant to go through the long years of struggle—first by themselves unaided and then with the cooperation and help of their Government. Their struggle is not over. But, strong in the knowledge that they have learned how to work together, they have courage to grapple with whatever problems the future may bring.

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